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ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2090

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PARTY VIEWS SEVENTH FIVE-YEAR PLAN AGRICULTURAL TASKS

Prague TVORBA in Czech 19 Nov 80 p 10

[Article by Julius Varga, department head at the CPCZ Central Committee: "Present, Future of Czechoslovak Agriculture"]

[Text] We met the agricultural production targets during the Fifth Five-Year Plan. The resolutions of the 15th CPCZ Congress set new key tasks particularly for the overall satisfaction of the population's needs, gradual attainment of self-sufficiency in grain production, and a general increase in food production aimed at eventual self-sufficiency. The Sixth Five-Year Plan guideline set for agriculture the task of increasing total agricultural production by 14-15 percent over the level attained at the end of the Fifth Five-Year Plan. Likewise, food industry was to increase its production by 20-21 percent, while the food deliveries to the domestic market were to increase by approximately 19 percent. The congress also emphasized the need to improve the quality of these products and broaden their assortment.

Results of Sixth Five-Year Plan

Continuous evaluation of the development of agricultural production in 1980 makes it possible for us to estimate the results of the Sixth Five-Year Plan already. In comparison with the annual average achieved during the 1971-1975 period, we increased gross agricultural production by 7.7 percent. Plant production, which was significantly affected by the unfavorable weather conditions, will increase by 5.4 percent, and animal production by 9.6 percent in comparison with the annual average of the Fifth Five-Year Plan. The more favorable attainment of animal production targets, however, was made possible only by emergency imports of grain fodder because last year's weather was unusually unfavorable. It is assumed that the annual grain production will amount to 10.2 million tons during the entire Sixth Five-Year Plan, which will be 10.9 percent more than during the preceding five-year plan. However, the plan targets will not be attained. A similar situation also exists in other sectors of plant production.

The failure to meet the plan targets was brought about particularly by 3 unfavorable years for agriculture in the Sixth Five-Year Plan. However, the nonfulfillment of plan tasks was caused also by ineffective management, low utilization of reserves, and possibilities of large-scale agricultural production.

Gross production targets set for the food industry will be met approximately 97.4 percent for the entire Sixth Five-Year Plan. The food deliveries to the domestic market, however, will reach almost the level specified by the Sixth Five-Year Plan (99.5 percent). During the Sixth Five-Year Plan, on the average 300 new food products were put on the market annually, and their quality gradually improved. The deliveries to retail trade also continued to increase, while the share of food items in the total retail trade turnover only slightly decreased.

The agricultural and food sector continues to be the most important guarantor that individual consumption will be satisfied. At the present time the agricultural-food complex accounts for 20 percent of the total social product, approximately 15 percent of the national income, 11.7 percent of capitals assets of the national economy and 17.6 percent of the labor force.

With the exception of 1979, when the effects of unfavorable weather were the most pronounced, we have generally succeeded in the fulfillment of tasks set by the 15th CPCZ Congress--to gradually achieve self-sufficiency in food production. We have achieved 90-94 percent self-sufficiency in these foodstuffs in recent years. At the same time we have carried out on a constantly increasing scale the structural changes characterized by the transition to the qualitatively higher level of diet.

Although we encountered many problems, and many tasks were not completely fulfilled, the results achieved in the first 4 years of the Sixth Five-Year Plan made possible a further increase in food consumption. The meat consumption per capita will reach 85 kilograms and consumption of milk and milk products 230 kilograms. The consumption of grain products has gradually decreased, desirable changes have taken place also in fat consumption, fruit consumption has slightly increased, while the consumption, fruit consumption has slightly increased, while the consumption of vegetables has remained at the previous level.

The industrialization, concentration and specialization processes in agriculture have advanced and the scientific and research achievements are being applied on an ever increasing scale.

As of 1 January 1980 there were 1,747 JZDs [unified agricultural cooperatives] in the CSSR with an average area of 2,500 hectares, and 162 state farms with an average area of 9,000 hectares of agricultural land. There are 591 cooperative associations and 249 joint agricultural enterprises, engaged in several types of operations, in the CSSR at the present time. The formation of agrochemical enterprises was essentially finished so that they will concentrate on better organization of their operations in the future. The substantial increase in the size of enterprises will force individual enterprise departments to deal with the problems of production specialization and concentration.

Cooperation and integration in agriculture and food industry is aimed primarily at the higher quality of purchased raw materials, participation in construction of joint facilities, signing of guaranty contracts and other tasks. Although cooperation gradually assumes more complex forms, various shortcomings weaken the overall effect of these efforts: the implementation of technical and technological innovations from other sectors is rather slow, supplier-customer relations are still not flexible enough and management of specialized production considerably varies.

Intensification Under More Complex Conditions

In the next five-year plan we face very demanding tasks whose fulfillment presumes a further intensification of agriculture and food industry. We will carry them out under more complex conditions than during the 1970's--with the limited sources of energy and capital investment projects and reduced imports of fodder. The fulfillment of these tasks will require a consistent implementation of resolutions of the 13th Plenary Session of the CPCZ Central Committee. We must make more effective use than hitherto of all good experiences and reserves, and eliminate the existing shortcomings.

Production of 85 kilograms of meat per capita while the imports of grain fodder are radically reduced will place unusually big demands on the increase in plant production. We must consistently place emphasis on cattle breeding in order to obtain more beef, milk and quality manure necessary for the soil improvement. This cannot be achieved without sowing additional areas with perennial fodder, and without increased production of roughage on the arable land, meadows and pastures. In order to achieve this objective we must redouble our effort to improve the soil, to introduce comprehensive mechanization of fodder, and to improve the conservation and storage of bulk fodder. Let us recall in this context that the 13th Plenary Session of the CPCZ Central Committee set the task of irrigating at least 160,000 hectares, and draining 290,000 hectares of land during the Seventh Five-Year Plan.

The increase in animal production during the Seventh Five-Year Plan will depend on, among other things, the reconstruction and modernization of facilities for approximately 150,000 milk cows and 300,000 head of young cattle. We shall place approximately 200,000 milk cows and 300,000 head of young cattle in new shelters. At the same time, we shall reduce the cost of capital construction by building light, heated shelters and thus construct more capacities from the available funds. The centers of rational feeding of animals will play an important part in our efforts to intensify the cattle breeding. We shall also have to eliminate serious shortcomings of a subjective nature such as considerable differences in the utility of animals between individual krajs, okreses and agricultural enterprises. In the distribution of capital for investment, we try to eliminate the differences in available equipment and mechanization of operations between individual enterprises, okreses and production areas.

The 13th Plenary Session of the CPCZ Central Committee showed the ways in which efficiency was to be increased. The principal emphasis is on the more rapid application of scientific and technological achievements in the plant production and animal breeding, replacement of existing equipment, technologies and mechanization facilities, and modernization of transportation in agriculture. The positive effect of these factors, however, will be reflected in the overall economic situation only gradually--in the course of one or several five-year plans.

There are problems, of course, whose solution can speed up the implementation of the next five-year plan immediately. On 1 January 1980, the revisions of some economic tools were effected which were reflected also in the purchase prices of agricultural products. These revisions increase the profitability of the breeding of cattle and sheep, as well as production of some other products. In this way more favorable economic conditions have been created for the implementation of tasks set by the 15th CPCZ Congress and 13th Plenary Session of the CPCZ Central Committee, which laid emphasis on the increased production of bulk fodder and breeding of cattle. At the same time, the differences between the agricultural enterprises operating in more favorable and less favorable natural conditions, respectively, were reduced.

Improvement of Planned Management

The application of the "Set of Measures for Improving the Planned Management System" will play an important role in the conditions of agriculture and food industry. The implementation of this document will observe essentially all fundamental principles applicable to the entire national economy. The main emphasis will be placed on the strengthening of the programmatic approach and long-term nature of planning, stronger ties between the long-term, five-year and annual plans, and better proportionality of the plan at all levels of management. The agricultural and food sector will also take over most of the general principles which underlie the planning and application of scientific and technical achievements. We shall stress more detailed planning in management of the labor force and wage funds, the role of khozraschet, material incentives and other tools designed to promote production efficiency and quality. Some principles will, of course, be modified with reference to the specific conditions of agriculture and food industry, particularly during the first years of the five-year plan.

At the same time the long-term tasks of agriculture and food industry presume further significant progress in the application of scientific and technological achievements. The present situation requires that we rapidly free ourselves from the traditional approaches on the part of the managers which frequently lead to simplification which exacerbates further progress in the solution of complex practical problems. Extraordinary emphasis will be placed on the quality preparation of the united plan of development of science and technology during the Seventh Five-Year Plan, which must be based on the tasks set by the party resolutions, requirements of practice and managerial organs.

The implementation of the Communist Party policy in agriculture and food industry necessitates major changes also in the professional structure of the labor force and higher demands on its qualification. It is a well-known fact that the labor force in agriculture has been reduced to one-third from 1936 by now. In comparison with 1975, a further decline in the agricultural labor force is anticipated by 1990--from 1,158,000 to 800,000-850,000. Yet, agricultural production per worker is to double, approximately, at the same time. The decrease in the labor force with the simultaneous increase in material inputs and labor productivity must be necessarily accompanied by the systematic increase in qualification. The qualitative aspect of labor replacement must therefore be regarded as decisive. The 13th Plenary Session of the CPCZ Central Committee set the specific tasks and outlined the means for their implementation.

Further Production Specialization and Concentration

The dynamic growth of productive forces in agriculture necessitates further production specialization and concentration in order to rationalize production and labor processes. Likewise, the demands increase for the wider application in practice of the latest scientific and technical achievements, and for the introduction of new organization forms. Apart from the few exceptions, we do not anticipate an increase in the area of agricultural enterprises during the next five-year plan. Large-scale production methods will be employed primarily within the existing organizations in close connection with the comprehensive plans of production increase. Plant production must be rationally distributed among the existing enterprises in such a way which will take into consideration production conditions and planned management, and create territorial units specialized in 2-3 products for the market. Selected enterprises will merge for the cultivation of special small-volume products, and the transition to the large-scale production of fruit and vegetables will be carried out.

Cattle breeding will play the key role in further concentration and specialization of animal production. For this reason also the investment projects designed to promote these tasks will be assigned priority. Preference will also be given to the tasks connected with fodder production and storage. The development of those joint cooperative complexes which gradually take over certain production functions from the member enterprises will continue. The point is to strengthen the influence of these enterprises on individual associations and to simplify management at the same time. It is anticipated also that the organization of specialized centrally managed organizations will be completed and their role of carriers of scientific and technological progress, in which they will be materially interested, and strengthened.

Carrying out planned shipments to agriculture within the specified deadlines, in the necessary quantity and quality, and economical and expedient utilization of these deliveries in production must become an important prerequisite for increasing efficiency. Inputs into agriculture should be used on a priority basis, where there are the biggest reserves--for example in soil improvement, cultivation and harvesting of roughage, and cattle breeding. Every capital investment must conform to the plans of production concentration and specialization, and must promote them. At the same time, however, we must direct all work so that the supplier sectors will react to the needs of agriculture more flexibly than hitherto, and so that the higher purchase prices of the means of production reflect their higher utility value. New means of production whould guarantee higher production efficiency when human labor is replaced by machinery.

The implementation of demanding tasks of agricultural large-scale production will not be possible without active, mass political work among the people. Its integral part is the improvement of information flow on the tasks and problems of the national economy to the workers, and more careful consideration of their comments and suggestions.

The party organizations, all organs managing agriculture, and the Revolutionary Trade Union Movement and Association of Cooperative Farmers should right now--when we are getting ready for the Seventh Five-Year Plan--make a maximum effort to acquaint the workers with the demanding tasks of the next period and to ensure their active participation in drafting and implementation of plans. This is where the basic guarantee of everyday fulfillment of tasks and of high quality and economy lies today.

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CZECHOSLOVAKIA

MAMULA SURVEYS ECONOMY OF NORTH MORAVIA

Prague ZIVOT STRANY in Czech No 24, 17 Nov 80 pp 11-14

[Article by Miroslav Mamula, member of the CPCZ Central Committee, chief secretary of the North Moravian kraj CPCZ committee, Ostrava: "North Moravia Kraj at the Beginning of the Seventh Five-Year Plan"]

[Text] At this point, the effort of all party, state, economic and mass organs and organizations in our kraj is directed to the fulfillment of tasks of the last year of the Sixth Five-Year Plan and creation of conditions for the oncoming struggles for the fulfillment of tasks of the Seventh Five-Year Plan which were discussed at the 18th plenary session of the CPCZ Central Committee. Our efforts are motivated not only by the needs of the entire Czechoslovak economy, but also multiplied by the fact that we want to celebrate with dignity the important societywide event of the next year--the 16th CPCZ Congress and the 60th anniversary of the foundation of the CPCZ.

The political work activity and creative initiative in all areas of social life has developed on an unprecedented scale in our kraj. At the same time, we are evaluating the results achieved in the implementation of the resolutions of the 15th CPCZ Congress. We analyze not only the successes achieved, but also the problems, difficulties, complexities and shortcomings which we have experienced in our struggle for the fulfillment of assigned tasks.

When we look back at the years just passed, we can state that the purposeful work of communists in our kraj party organization has been reflected in a number of positive results: Both the production volume and the entire economic potential of the kraj have increased and the living standard of our working people has risen.

The activity has increased of those party organs and organizations which systematically discussed the key tasks of the state plan in accordance with the plan of united action and assigned specific tasks to the communists, particularly key economic workers in the production sector. Almost 25 percent of all party tasks assigned to the communists focused on the economic area.

To deal with production tasks, use of progressive work methods, application of scientific-technological progress and development of initiative, economic conferences were organized by the party which have already become a regular form of action of party organs and organizations with the communists, but also with nonparty people, foremost technicians and workers in our kraj.

Regular discussions of economic questions in the all-factory party committees and meetings of party organs together with the consistent exercise of party control have contributed to the increase in the systematic political pressure for the solution of economic and social questions and fulfillment of economic tasks.

All this had created conditions and prerequisites for the fact that we surpassed the plan targets in industry by Kcs 3.5 billion and that the qualitative indicators favorably developed during the first 3 years of the Sixth Five-Year Plan. A comparison of the sum of annual operations plans with the achieved results reveals that we met the gross production targets 100.5 percent and those of commodity production 100.4 percent. We shall surpass deliveries to domestic market and the export targets set both for the nonsocialist and CEMA countries.

Industrial production volume increased by more than 18 percent, in engineering in fact by more than 35 percent and electronics by more than 46 percent in the last 5 years. The North Moravian miners extracted 1.3 million tons of coal more and 234 million kWh of electric energy were produced more than the plan had anticipated. The increase in labor productivity accounted for 81.4 percent of production increase. Capital assets increased to such an extent that the machine-man ratio is Kcs 188,400. Our workers obtained 70,420 new apartments. The "Z" campaign produced values amounting to Kcs 3.7 billion for our national economy. Total export volume increased more than 20 percent during the last 5 years.

In agriculture, plant production increased at a higher rate and land management became more efficient. Cattle breeding expanded on the basis of priority and efficiency, and quality of all work improved. Gross agricultural production will be met and in fact surpassed 100.3 percent and marketable production 104.6 percent. We have substantially surpassed the five-year plan targets in production of rape and grains, and the deliveries of milk were surpassed by 46.5 million liters and of eggs by 40 million. The kraj produced 6 percent more meat and meat products than it consumed, and progress was made toward self-sufficiency in butter, eggs potatoes and other agricultural products. The successes of our farmers are particularly valuable from the standpoint of the specific industrial nature of the North Moravia kraj. They are among other things due to the fact that labor productivity in our agriculture increased 11 percent during the Sixth Five-Year Plan.

At the November meeting of our kraj party committee, we critically evaluated--in the spirit of the 18th plenary session of the CPCZ Central Committee--our economic results achieved during the Sixth Five-Year Plan and approved a united course of action for industry and agriculture in 1981 as well as in the entire Seventh Five-Year Plan. The resolutions of that meeting of the kraj party committee will be the principal points of the agenda of annual members' meetings and conferences in the North Moravia kraj.

Our preparations for the Seventh Five-Year Plan are based on the knowledge that there still are many unused reserves. Serious problems persist in planning and management, in material-technical procurement, in rather slow application of scientific and technical achievements in production. There still are workplaces in which work performed is of inferior quality and the level of work and technological discipline is inadequate. We cannot blame everything on so-called objective difficulties.

The analysis of deviations from the guidelines for the Sixth Five-Year Plan will motivate us to use past experience for the preparation for 1981 and the entire Seventh Five-Year Plan, to learn from the reasons for our successes, to examine the causes of our failures and shortcomings, and to draw the correct conclusions from all that. In accordance with the "Set of Measures," we shall lay emphasis on the higher level of planning, on prompt reaction by industrial managers to the rising demands of economic development and the resulting conditions, on higher discipline at all levels of management, in production collectives and all workplaces. At the same time, we ask our party organs and organizations to systematically increase their activity.

Only in this way shall we be able to achieve a more than 21-percent increase in industrial production in our kraj during the Seventh Five-Year Plan. Through the consistent application of the "Set of Measures," whose purpose is to increase efficiency of the national economy, profits of our enterprises will increase by more than 70 percent.

The production volume will increase mainly in the engineering industry. Among capital investment projects of greatest importance will be the construction start of a paper-wood pulp combine, plants for manufacture of cathode ray tube for color television sets, a coking plant, oxygen converter steel plant as well as completion of other projects particularly in the Tatra Koprinvnice, NHKG [New Klement Gottwald Metallurgical Works], VZKG [Klement Gottwald Iron Works at Vitkovice] and VRSR [Great October Socialist Revolution] Iron Works at Trinec.

Through efficiency increases, consistent uncovering of reserves, more effective application of scientific and technological achievements in production, labor productivity will increase--in the engineering industry alone by more than 50 percent.

In connection with the resolution of the presidium of the CPCZ Central Committee on the "CSSR Government Guideline for Drafting of the Seventh Five-Year Plan", the presidium of the kraj party committee in North Moravia approved in May a set of political and organizational measures for the united course of action of all party, economic and mass organs and organizations of the North Moravia kraj in the preparation of the draft of the 1981 plan and the Seventh Five-Year Plan.

We thus linked action in our kraj to the previously adopted party resolution on creation of long-term prerequisites for the solution of principal problems of economic development and particularly to the resolution of our kraj committee on the improvement of the management process. These resolutions directed the party, economic and mass organs and organizations as well as individual communists in management to systematically prepare program documents in the key areas of management in accordance with the anticipated increase in new tasks during the future periods.

The adoption of these political and organizational measures was motivated by the necessity of creating, under the conditions of the North Moravia kraj, an atmosphere of great party activity on which effective political work in the preparation of the Seventh Five-Year Plan depends. In the first place, it was necessary to exert systematic political pressure, to organize extraordinary meetings of enterprise and plant party committees with the participation of prominent activists of the kraj and okres party committes, to systematically work with enterprise managers and their deputies, to mobilize the party, trade union and youth activists for participation in the preparation of the plan.

Our experience has confirmed that of greatest value was particularly:

1. the creation of conditions for the united course of action of economic management, trade union, youth and other mass organizations under the guidance of the party organization in the implementation of the 1980 plan, Sixth Five-Year Plan and implementation of the guideline for the Seventh Five-Year Plan in order to fulfill the tasks of societywide need;

2. consistent use of already processed program documents for the implementation of the government guideline on the preparation of the Seventh Five-Year Plan in order to promote further dynamic production increase and economic growth;

3. uncompromising demand of party organs and organizations that the needs of the national economy be fully respected.

The implementation of political and organizational measures approved by the presidium of the kraj party committee and quality preparation of the Seventh Five-Year Plan necessitates the improvement of work of party organs and organizations in the first place. We demanded particularly that political-organizational and mass political work be properly adapted to the given tasks and that effective political pressure be exerted in all economic organizations for the implementation of the guideline on the preparation of the Seventh Five-Year Plan.

At the same time, we laid emphasis on the improvement of the basic line of the party organizations' work. We stressed that the deliberation of the party committee and meetings of members of basic organizations result in specific plans of united action, in the so-called "program of local policy" with which all workers must be acquainted. It is very important that the party organizations create optimum conditions for the largest possible participation of workers even in the drafting of the plan, and that individual tasks listed in the plans of united action be assigned to proper persons. (We emphasized that the evaluation of cadres included in the so-called nomenclature must objectively reflect the results achieved in the work for which the respective worker was responsible.)

To acquaint the workers with the program of united action and resolutions adopted by the presidium of the kraj party committee in North Moravia in May, we organized immediately a seminar for the key officials from the entire kraj, at which we acquainted the chairman of enterprise committees, all-plant committes and selected basic party organizations, enterprise managers and officials of the okres party committees with the fundamental objectives of national economic development during the 1981-1985 period and with the tasks of party, state, economic and mass organs of our kraj, for example, in the preparation of the Seventh Five-Year Plan.

In June, all party organizations approved their own political-organizational measures for insuring a united course of action in the preparation of the Seventh Five-Year Plan outlining the procedures for acquainting the workers with their tasks, procedure for making a draft of the enterprise plan, its detailing in the second half of the year and so on. The tasks of the Seventh Five-Year Plan were discussed at the party-economic conferences in many enterprises during the same period. In those enterprises where the preparation of the 1981 plan (and of the five-year plan in general) progressed satisfactrily, these questions were put on the agenda of members' meetings of basic organizations and production conferences.

This year's November meeting of the North Moravian kraj committee approved a number of measures based on past experience and knowledge. They call for a further improvement of the work of okres, enterprise, all-plant committees and basic party organizations in industrial and agricultural production. At the same time, it adopted specific resolutions for the implemenation of tasks of the Seventh Five-Year plan in industry and agriculture, and approved a conception according to which annual members' meetings and party conferences are to be organized.

Following that meeting of the presidium of the kraj committee, the communists and workers resumed discussions on creating the best conditions for starting work on the Seventh Five-Year Plan. The work collectives dicuss the plans of united action, the tasks which under the guidance of party organs and organizations will be performed by the economic managerial personnel, officers of the ROH [Revolutionary Trade Union Movement], SSM [Socialist Union of Youth] and people in the specific conditions of their workplaces.

An integral part of initial work on the Seventh Five-Year Plan will also be the already traditional seminar of enterprise managers in industry and chairmen of JZD [Unified Agricultural Cooperatives] in agriculture as well as a meeting of activists from the entire kraj which will evaluate the results of creative initiative of technical intelligentsia.

We shall constantly refer to the resolutions of the meeting of our kraj party committee in June 1979, when we adopted extensive measures for the improvement of enterprise management. This was a good preparation for the application of the "Set of Measures for Improving the Planned Management System of the National Economy." We know, however, that the application of all sections of this "Set of Measures" will not be equally easy in all enterprises. We are not yet satisfied with the fact that some larger economic production units have as yet not worked out specific methods of application of the "Set of Measures" for the enterprise shpere.

We are advising the enterprises that it is not possible to wait for detailed instructions "from above" on everything, but that it is necessary with greater effort to create conditions and be well prepared for the effects of the improved system of management. At the same time, we are instructing the party organs and organizations as well as all communists to deal with these questions with even greater initiative and in more detail in connection with preparation for the year 1981 and annual members' meetings and party conferences.

We know very well that political work is most successful, when the objectives are clear and specific tasks are set. For this reason, we employ in our kraj the method of specific goals and tasks in the key areas of political work and particularly in economics, industry and agriculture. To their implementation we draw attention communists both in the state and economic organs, and in all organization of the National Front. The method of specific tasks, purposeful political organization and effective comprehensive mass political work has proved very effective. For this reason, we want to systematically intensify and improve it in the future.

We regard the development of work and creative initiative and particularly socialist competition as the principal, biggest source of good economic results which we want to achieve in the implementation of new and more complex tasks after the 16th CPCZ Congress. The orientation to the effective development of workers' initiative has produced positive results in our kraj despite all difficulties and problems which we encounter in the implemenation of economic tasks. Its basic precondition is the unity of the entire kraj party organization in the North Moravia kraj and its close ties to the majority of workers of our kraj. The workers trust the party policy and for this reason we are able to mobilize them or the fulfillment of even very complex and difficult tasks.

If we have succeeded to give real content to our slogan "With Quality and Shockworkers Work" this year, we shall also meet the targets of the Sixth Five-Year Plan. Our successes are due to the initiative of workers, outstanding collectives and movements backed by the heroes of socialist labor and comrades who set an example in socialist competition of work collectives.

We highly appreciate the initiative of collectives of combined brigades of socialist labor led by Comrade Milan Laskovsky of the Doubrava Mine at Karvina and Comrade Frantisek Tycar of the Ostrava main railroad station. These collectives are the initiators of mass movement in our kraj aimed at the fulfillment and surpassing of tasks of this year, the first and all other years of the Seventh Five-Year Plan. The appreciation which was expressed to them when they were received at the CPCZ Central Committee binds not only them, but also all workers of the North Moravia kraj to multiply the achievements of socialist by their honest work and to be among those who by concrete deeds will honor the 16th CPCZ Congress and the 60th anniversary of the foundation of our party.

Our kraj party organization gained additional new experience in the individual years of the Sixth Five-Year Plan which we applied in our work this year and which we also want to use at the beginning of the Seventh Five-Year Plan. The implementation of tasks of the Sixth Five-Year Plan and particularly of this year's tasks mobilized our entire kraj party organization to the concentration of all forces and to the improvement of general work in all our party organs and organizations.

It has become clear that the concentrated effort of the entire kraj party organization can stimulate tremendous initiative of workers and help eliminate the most difficult obstacles. The clear formulation of specific tasks of party economic policy, backed by the effective mass political work and political-organizational work of all party organs and organizations was reflected in a number of competition campaigns which significantly contributed to the good results in the implementation of the resolutions of the 15th CPCZ Congress, helped create the atmosphere of initiative, removal of obstacles and solution of complex problems, and increase the quality and efficiency of all work. The campaign "Year of Quality and Shockworkers Work" for example spread virtually to all workplaces of our kraj.

The kraj party organization made full use of the exchange of party cards to assign communists specific tasks aimed at the implemenation of the annual plans of the Sixth Five-Year Plan, and to ask them to set an example for others by their personal attitude, initiative, creative and self-sacrificing work.

The assignment of specific party tasks to individual communists proved successful in our kraj organization and we shall therefore also use this method in the future. The party tasks must be assigned systematically and purposefully, for example, during the preparation of annual or other important meetings. We instruct the party organs and organizations to assign most of the specific tasks in the area of economy and mobilization of workers to the exemplary fulfillment of economic tasks.

In this connection, it appears effective to assign to communists in managerial positions specific tasks concerning mass political work, economic propaganda and agitation. We appreciate the fact that in assigning these party tasks most of the basic organizations saw to it that these tasks did not consist of explanations of the problems involved only, but also stimulated workers to specific deeds.

A positive role in signing socialist pledges was played by the fact that work improved and became more efficient in most workplaces. Progress was also achieved in the respect that workers are signing pledges in socialist competitions as manifestation of their individual self-realization. We shall base further development of work initiative on our past experience and see to it that the workers' creative initiative and socialist competition perform three basic functions:

1. the economic function as a factor in growth of social labor productivity;

2. the socioeconomic function as a form of workers' participation production management;

3. the ideological-educational function as the means of education in the new attitude toward work.

We are aware that in connection with the application of the principles of the "Set of Measures" effective at the beginning of the next year new forms of socialist competition and workers' creative initiative will have to be found. We are convinced, however, that the irreplaceable factor in economic growth which the development of workers' initiative undoubtedly is will also play its positive role during the Seventh Five-Year Plan and will thus contribute to the fulfillment of all new tasks which we will face during this period.

As it has always been in North Moravia Kraj, we shall wage a struggle for the fulfillment of tasks resulting from the resolutions of the 18th plenary session of the CPCZ Central Committee. We want to march toward the 16th CPCZ Congress and the 60th anniversary of the foundation of our party with new successes in our shockworkers' movement and further increases in the efficiency and quality of our work.

10501
CSO: 2400

LABOR FORCE, EMPLOYMENT DEVELOPMENTS BY REGION PUBLISHED

Prague STATISTIKA in Czech No 10, 1980 pp 439-449

[Article by Jaroslav Zahalka: "Statistical-Regional Aspects of the Development of the Labor Force and Employment in the CSSR"]

[Text] At the present time and in the immediate future the Czechoslovak economy is faced with two main problems in the area of its labor force. In the first place there is the low and ever declining rate of growth of the labor force which will reach a critical stage in the course of the Seventh Five-Year Plan. The second serious problem is the result of considerable regional differentiation in the development of manpower resources, both in the postwar retrospective and in the long-term outlook up to 1990 and even later.

In view of the serious sociopolitical and economic aspects of the development of employment it is necessary to view any measures in this field very carefully and thoughtfully. Under the specific conditions of the CSSR this means emphasizing to a certain extent the factor of territorial distribution of the population and labor resources and their regionally differentiated dynamism in the process of deploying manpower.

State statistics provide sufficient numerical data for this purpose. In this article I would like to point out in particular the basic differences between the national republics and then, within their framework, the kraj differentiations.

Demographic Development of CSR, SSR

The more favorable population development in the SSR throughout the postwar period can be documented by a number of indicators: a higher birth rate, lower death rate, a more favorable age composition of the population and a substantially higher natural population increase (two to three times) compared with the CSR. This population development--even in spite of negative migration--had a favorable impact on the development of the productive component of the population as attested to by substantially higher indices of growth.

[Table 1. on following page]

Table No 1. Demographic Development of the CSR and SSR (Population in thousands, indexes in percent)

Territory	1961	1965	Index 1965/61	1970	Index 1970/65	1975	Index 1975/70	1978
a) Total production								
CSSR	13,781	14,159	102.7	14,333	101.2	14,802	103.3	15,138
CSR	9,588	9,786	102.1	9,805	100.2	10,063	102.6	10,247
SSR	4,193	4,373	104.3	4,528	103.5	4,739	104.7	4,891
b) Population of productive age								
CSSR	7,736	7,987	103.2	8,167	102.3	8,499	104.1	8,655
CSR	5,435	5,584	102.7	5,613	100.5	5,748	102.4	5,812
SSR	2,301	2,403	104.4	2,554	106.3	2,751	107.7	2,843

Source: CSSR and Kraj statistical yearbooks and own calculations

The SSR proportion of the CSSR in both categories (a and b) increased from about 30 percent in 1961 to over 32 percent in 1975 with a tendency toward further gradual growth by approximately 0.1 points annually.

With generally established population patterns throughout the CSSR in the postwar period (exceptional birthrate immediately after the war years, subsequent declining birth rate and its minimalization at the end of the 1960's with a certain revival in the 1970's) population developments in the CSR and SSR differed markedly in absolute and relative terms:

Table No 2. Natural Population Growth

(per 1,000 inhabitants)

Territory	1945	1950	1955	1960	1965	1970	1975	1978
CSR	0.9	9.5	7.7	3.6	4.4	2.5	6.7	5.1
SSR	4.2	17.3	17.8	14.2	11.1	8.5	11.1	10.6
CSSR	1.7	11.8	10.7	6.7	6.4	4.3	8.0	6.9

Source: CSSR and Kraj statistical yearbooks

The substantially higher rate of development of labor resources in the SSR as compared with the CSR stems from both a more rapid increase in the number of inhabitants of productive age and from certain reserves in the economic activity of the population which after 1945 was greatly below the level of the Czech krajs and even up to now has not quite attained the level of the CSR. Both these factors affect the development of labor resources also in the long-term outlook, especially the population factor.

Rate, Structure of Employment in CSR, SSR

Numerous differences in the development of manpower resources together with implementation of the sociopolitical policy of gradually equalizing the economic levels of the CSR and SSR influenced the postwar rate of growth of employment in both the national republics. At the same time gradual structural changes took place here, especially a substantially greater increase in industrial employment in the SSR compared with the CSR as a result of the priority given to the industrialization of Slovakia. This is clearly documented by basic indexes of the levels attained in 1948.

With respect to the differences between the republics in the dynamism of overall employment, time sequences indicate essentially three distinct periods;

a) The first postwar decade (to 1955), characterized by approximately the same dynamism of overall employment in the CSSR,

b) The second decade (1956-1965), with a slowdown in the development of employment in Slovakia, in contrast to uniformly developing employment in the Czech krajs,

c) The third decade (1966-1975), marked by clear differences in the growth of employment in the SSR and CSR. The lead of the SSR was 5.5 points in 1970, in 1975 it was already 13.9 points and this development continues into the Sixth Five-Year Plan. There is similar development in the basic structure of employment as is evident from the 1978/75 index.

Table No 3. Post-war Development of Employment in the CSSR

(in percent)

Indicator	Territory	1948	1955	1960	1965	1970	1975
Number of workers in the national economy overall	CSR	100.0	107.4	111.8	118.6	125.3	130.3
	SSR	100.0	107.5	102.9	112.0	130.8	144.2
	CSSR	100.0	107.4	109.3	116.8	126.8	134.1
Number of workers in industry	CSR	100.0	115.6	131.9	140.7	145.1	150.6
	SSR	100.0	135.1	175.3	215.1	271.0	319.0
	CSSR	100.0	118.4	138.0	151.2	162.8	174.3
Number of workers in agriculture	CSR	100.0	85.8	68.6	60.6	54.7	48.9
	SSR	100.0	87.1	61.2	50.3	50.1	42.2
	CSSR	100.0	86.3	65.6	56.5	52.8	46.1

Source: CSSR statistical yearbook and own calculations

Table No 4.

Territory	Employment in the National Economy Overall	Of Which In Industry	In Agriculture
CSR	101.2	100.2	94.4
SSR	104.1	106.5	93.1
CSSR	102.1	101.8	93.9

Source: Labor statistics and own calculations

From developing tendencies in employment noted in the postwar period and from other data it is possible to draw certain general conclusions which at the same time also indicate a definite trend for future developments of employment in both the national republics of the CSSR:

1. The gradual slowing down in the growth of employment in the 1970's will further intensify, more perceptibly in the CSR than in the SSR. Determining the extent and phased timing of this development is possible, however, only by comparison with a population projection and the manpower resources implicit therein;

2. Data characterizing the development of the basic structure of employment (industry-agriculture) indicate a general tendency toward shifts in employment from agriculture to industry, typical in the period of industrialization of any country. In the CSSR this was modified to a certain extent in the national republics:

--In the CSR the growth of industrial employment was relatively low, and since 1970 it has been leveling off or moderately declining. The proportion of workers in industry, around 42 percent of the total number of workers, attests to the fact that the highest limit has been reached and will not increase in the future, but rather will continue to gradually decline. The relatively low level of agricultural employment (under 12 percent of the total number of workers) precludes any substantial reduction of employment without a serious negative impact on large-scale production in agriculture;

--In the SSR the indexes of growth (decline) in employment in industry (agriculture) were much more pronounced than in the CSR, although even so the level of the CSR has not yet been reached. The proportion of workers in industry passed the 35 percent point for the first time in 1977 and the proportion of workers in agriculture exceeds 16 percent. From this it can be deduced that the process of further growth in industrial employment will continue in the SSR and in the course of the next 10 years will approach or exceed the 40 percent point (the proportion of industrial employment of the total number of workers). In addition to resources of population growth the SSR also has certain reserves available through reducing the number and proportion of workers in agriculture;

3. In the Fifth Five-Year Plan employment in the non-productive sphere characterized by services grew considerably faster in the SSR (123.6 percent) than in the CSR (113.1 percent), which resulted in bringing the proportional figures much closer for this sphere of overall employment in the two national republics.

For the long-term outlook employment in the CSR and SSR will thus be a typical synthesis of specific characteristics in the dynamism and structure of employment tending toward gradual moderation of difference.

Kraj Differences in Demographic Development

Whereas there are no great differences in demographic development among the krajs of the SSR (The East Slovak kraj deviates from the republic average), the differences in the CSR reach considerable extents. To a certain degree the size of the territories of the national republics and the number of their krajs also play a part here. The CSR encompasses a concentration of krajs with very different historic, demographic and economic conditions which is the reason for the substantially greater spread in values.

Table No 5. Population and Development according to Krajs, 1961-1978

Kraj, Territory	Total Number Inhabitants In thousands of persons 1961	 1978	 Index in percent 1978/61	Number Inhabitants of Productive Age In thousands of persons 1961	 1978	 Index in percent 1978/61
Prague	1,006	1,186	117.9*)	606	668	110.2*)
Central Bohemian	1,270	1,142	89.9*)	703	633	90.0*)
South Bohemian	650	683	105.1	356	384	107.9
West Bohemian	831	886	106.6	475	512	107.8
North Bohemian	1,088	1,160	106.6	631	672	106.5
East Bohemian	1,200	1,244	103.7	658	693	105.3
South Moravian	1,904	2,024	106.3	1,072	1,136	106.0
North Moravian	1,639	1,922	117.3	934	1,114	119.3
CSR	9,588	10,247	106.9	5.435	5,812	106.9
West Slovak (incl Bratislava)	1,767	2,028	114.8	985	1,186	120.4
Central Slovak	1,307	1,499	114.7	713	873	122.4
East Slovak	1,119	1,364	121.9	603	784	130.0
SSR	4,193	4,891	116.6	2,301	2,843	123.6

*) Result of the new territorial organization of the capital, Prague; for regional analysis requirements it is therefore desirable to consider the Prague (Central Bohemian) population center as a unit with the population index (1978/61): Total 102.3%; Productive age 99.4%.

Source: Kraj statistical yearbooks and own calculations

More detailed absolute and relative figures are contained in Annexes No I and II.

From the point of view of the dynamism of population figures (natural as well as mechanical movement) it is possible to identify three general regional groupings since the beginning of the present krajs:

A. The central Bohemian population center (Prague and the Central Bohemian kraj) with the closest values of population development and with a declining development in the population of productive age;

B. Grouping of the remaining Bohemian krajs (except North Moravian) with values about average for the CSR;

C. The Slovak krajs and the North Moravian kraj as representing the highest and sharply above-average figures of demographic development in the CSSR.

It is evident that the weight of the individual general groupings within the CSSR is quite disparate. With groups B and C ranking quite evenly and holding dominant positions in the initial year 1961, group A contained only about on-sixth of the population of the CSSR and this differentiation further intensified up to 1978. These groups also are definitely in the lead with respect to differences in the dynamism of total population figures and even more so regarding population of productive age, as is seen in the following summary:

Table No 6.

	1978/61 Indexes in Percent of Population		Group Proportion of CSSR in Percent			
			Total Population		Population of Productive Age	
Group of Krajs	Total	Of Productive Age	1961	1978	1961	1978
A	102.3	99.4	16.5	15.4	16.9	15.0
B	105.7	106.4	41.2	39.6	41.3	39.3
C	116.8	122.3	42.3	45.0	41.8	45.7
CSSR	109.8	111.9	100.0	100.0	100.0	100.0

The advantage of this general regional view is greater awareness and a clearer picture of the analyzed features. On the other hand, however, internal differentiations in development, though of a lower order, are obscured here. For example, in group B the East Bohemian kraj is obviously under the average, while in group C the East Slovak kraj is considerably above average.

Another observation is the considerably greater spread of values in the dynamism of persons in the productive age group than in the population as a whole. The explanation for this calls for a deeper analysis of the influence of population and migration factors. Nevertheless, even a priori, a strong regional differentiation of population factors can be pointed out which the mechanical movement of population does not greatly influence. Of course this refers to large territorial units like the present-day krajs or super kraj regions, such as the national republics. On the other hand, in smaller regions (okresses, regions within okresses, towns and communities) the effect of the mechanical movement of the inhabitants can be very strong and can have considerable influence (positive or negative) on the dynamism of the population as a whole and especially on its productive component.

Analysis of strong regional differentiations of population development is a very exacting matter and, in addition to demographic statistics, requires the active application of sociological and psychological disciplines and methods, and also consideration of ethical, national and other aspects. In any case, this is a phenomenon whose existence and continuing tendency must be taken into account.

Kraj differentiations in the dynamism of population figures and the inhabitants of productive age contained in them will, in fact, continue to exist as is shown by the results of recent population projections, even in the long-term outlook to 1990. From their data one can assume roughly the same general regional groupings, differing by the dynamism of demographic development even though differences in future development (to 1990) should have a moderating tendency compared with actual developments in the past (1961-1978).

The gradual moderation of regional differences in the projection of demographic developments in the CSSR obviously has its objective basis in the gradual elimination of extreme regional differences in the makeup of the population (age composition of the population), in motivations of fertility (social security, socialist life style), in the general growth of cultural standards of the population, and in the relative stability and uniformity of the death rate (health and social care). The relatively low and comparatively stable rate of migration between krajs also has a certain influence here.

Nevertheless, kraj differentiations in the demographic development of the CSSR and their consequences are and will be of considerable importance (especially on manpower resources) and they may in no case be eliminated in studies of long-term prospects of national economic development.

Productive Component of the Population and Employment

If we proceed from the fact that reserves of growth in the working population of the CSSR are practically exhausted, than basically the only source of growth of employment in the krajs will be the dynamism of the population of productive age. The increasing proximity of these two categories (employment and size of population of productive age) or the dynamism of these two categories is fully confirmed by data from the period of the 1960's and 1970's (see Table No 7).

[Table No 7 on following page]

Table 7. Relationship of Dynamism of Population in Productive Age and Employment in the Socialist Sector, 1961-70 and 1970-78

	1961-1970			1970-1978		
	Index 1970/61 in Percent		Point	Index 1978/70 in Percent		Point
Kraj, Territory	OPV	ZSS*)	Differential	OPV	ZSS	Differential
Prague	104.3	113.8	9.5	105.7	108.5	2.8
Central Bohemian	93.9	103.2	9.3	95.9	98.5	2.6
South Bohemian	102.2	116.4	14.2	105.5	105.0	-0.5
West Bohemian	104.6	109.2	4.6	103.0	103.7	0.7
North Bohemian	104.8	108.8	4.0	101.7	102.8	1.1
East Bohemian	101.5	110.1	8.6	103.7	104.6	0.9
South Moravian	101.3	109.7	8.4	104.6	107.8	3.2
North Moravian	111.9	112.7	0.8	106.6	106.8	0.2
CSR	103.3	110.1	6.8	103.5	105.2	1.7
West Slovak (incl Bratislava)	109.4	129.3	19.9	110.0	122.8	12.8
Central Slovak	110.1	125.3	15.2	111.2	122.2	11.0
East Slovak	114.6	136.8	22.2	113.5	124.2	10.7
SSR	111.0	129.9	18.9	111.3	123.0	11.7
CSSR	105.6	114.7	9.1	106.0	109.9	3.9

*) Ref ZSS index 1970/62

Explanatory Note: OPV=Population of Productive Age
ZSS=Employment in the Socialist Sector

Source: Kraj statistical yearbooks, population and labor statistics, own calculations

In the table there is a certain simplification in the fact that for "employment" only the number of workers in the socialist sector is represented. Therefore, the dynamism here may be somewhat higher than for employment as a whole, in view of the effect of the transition of the private sector to the socialist one. In the 1960's, and especially in the 1970's, this effect was, however, already relatively rather slight. In view of the understanding of the intensity of the relationship between these two categories and their dynamism this indicator is therefore sufficiently representative.

The figures given document the fact that the dynamism of the population of productive age and employment in the socialist sector generally increased in the 1970's. Thus we can realistically predict future continuation of this trend, that is, further approximation of these values in the period of the 1980's.

The developing proximity of the dynamism of both categories is interesting to observe in the individual krajs of the national republics. With the closeness increasing in both republics, a basic difference in the degree of proximity is noticeable at first glance. Whereas the closeness in the Czech krajs was already relatively substantial in the 1970's and in the period 1970-78, the dynamism of employment and the dynamism of the productive sector of the population reached their maximum proximity. In the SSR the values were quite disparate in the 1960's, but in the period 1970-78 they were obviously drawing closer. In the CSR the difference was reduced from 6.8 points to 1.7 points, while in the SSR it fell from 18.9 to 11.7 points. This difference is still relatively high and is evidence of a certain reserve attributable to lower working activity of the population of productive age in the SSR.

These findings and conclusions confirm the previous hypothesis that the basic character of the development of employment in the CSSR, as well as in a regional cross section of the CSSR (especially in the CSR), will be more and more analogous to regional developments in the population of productive age as the basic source of employment growth. At the present time this trend is already quite evident in the CSR. In the SSR it is not yet so striking. Nevertheless, it is gradually emerging here too.

Kraj Characteristics of the Structure of Employment in the CSSR

The general characteristics of the development of the branch structure of employment in the CSSR krajs in the year 1970 to 1975 give the following picture:

[Table 8 on following page]

Table No 8.

Index of Growth of Employment 1975/70 in Percent

Kraj, Territory	Nat'l Economy as a whole	Industry	Agriculture	Non-productive sphere
Prague	109.5	103.9	(137.2)	111.3
Central Bohemian	97.8	98.4	86.0	109.3
South Bohemian	100.8	103.9	85.7	115.5
West Bohemian	103.2	102.6	88.5	114.0
North Bohemian	104.2	101.4	91.3	114.2
East Bohemian	102.2	103.1	85.4	113.6
South Moravian	104.1	105.8	88.2	114.0
North Moravian	104.9	104.4	88.4	114.2
CSR	103.6	103.1	87.8	113.1
West Slovak (incl Bratislava)	112.2	117.4	90.6	121.4
Central Slovak	108.4	115.9	80.9	123.6
East Slovak	108.5	117.4	80.7	127.4
SSR	110.0	116.9	84.9	123.6
CSSR	105.5	106.4	86.7	116.1

Source: Kraj statistical yearbooks, own calculations

Given certain difference among krajs the basic development trends in the branch structure of employment were fairly consistent in each of the national republics. There are more striking differences, however, between the national republics (and also in their individual krajs) in the intensity of development and in the level of branch structure of employment attained. For the general characteristics of structural development of employment the basic branches of the national economy were used as the chief representatives, that is, industry, agriculture and the non-productive sphere characterized by services (trade, community services, housing management, health, social security, education and culture).

The basic trends of regional development of the structure of employment in the first half of the 1970's may be generally characterized as follows:

1. The growth of employment in the Slovak krajs averaged two to three times the rate of employment growth in the national economy of the Czech krajs. On the other hand, the difference in the dynamism of employment in individual krajs in each of the national republics fluctuated around the republic average to a relatively small extent, plus or minus 1.5 points (with individual exceptions).

2. The rate of growth of employment in CSR industry did not attain the overall rate of employment growth with the result that the proportion of industrial employment in the CSR declined from 42.7 percent in 1970 to 42.4 in 1975, with a tendency toward a continuing moderate decline in the ensuing period. This indicates that a certain culmination point has been reached in industrial employment in the CSR. In the Slovak krajs the development took the opposite form: the growth of employment in industry outpaced the overall growth of employment in the national economy, with the result that the proportion of industrial employment rose from 32.9 percent in 1970 to 35.0 percent in 1975, with a moderately increasing tendency in the coming years. It can realistically be expected that this development will continue until it approximates the critical point around 40-42 percent of industrial employment in the SSR.

3. In all the krajs of both the CSR and the SSR employment in agriculture continued to decline. Its share in the CSR dropped from 14.3 percent in 1970 to 12.1 percent in 1975, and in subsequent years below 12 percent. In the SSR the drop was even more marked, from 22.7 percent in 1970 to 17.5 percent in 1975 and continuing to below the 16 percent point.

4. The highest and regionally relatively even trend was in employment in the nonproductive sphere characterized by services, with the trend in the SSR about 10 points higher than in the CSR. Its proportion increased in the CSR from 20.2 percent in 1970 to 21.1 percent in 1975. In the SSR approximately the same values were reached, the proportion increasing from 19.5 percent to 22 percent. The high dynamism and relatively even development of employment in this sphere confirm the hypothesis that the main criterion and stimulus of development here are the growing needs of the population and the socialist porinciple of meeting them (social consumption) with labor resources playing a minimal role here as factors of distribution and development.

Population and labor statistics offer sufficient basis for analytical (retrospective) and conceptual conclusions and solutions of problems connected with the number, structure and dynamism of the population, manpower resources and employment, not only on a statewide and republic level, but also in regional (kraj and partially also okres and city) cross sections.

In ascertaining the degree of consistency or inconsistency between sources and needs of manpower on statewide and national and regional levels the balance of manpower assumes a vital position. Its substance is determining the actual extent of labor resources in a given period (annual, 5-year, long-term perspective for 10-15 years, retrospective) and the labor requirements expressed in numbers by means of the latest methods, planned and actual status of workers, etc. From the preceding portions of this article and from other analyses it follows that in the CSSR the regional aspect of the balance of labor is becoming more and more urgent, as do the methods, forms and instruments of the programmed solution for regional balance disparities.

In conclusion, I would like to emphasize that available data and their processing and analysis more or less only indicate a certain trend and relationship between demographic and labor potentials in the large and medium areas (krajs) of the CSSR. These relationships are de facto considerably more complicated and in both categories (population and employment) it would be necessary to look more closely into their structure, factors of development and other aspects, not only of an economic and demographic character, but also a sociological, psychological, national, ethical and other type.

[Annexes Nos I, II, and III on following pages]

Annex No I

Development of Population as a Whole According to Kraja (average status)
In thousands of persons, indexes in percent

Kraj, Territory	1961	1965	1965/61	1970	1970/65	1975	1975/70	1978[1)]	1978/75	1978/61
CSSR	13,781	14,159	102.7	14,333	101.2	14,802	103.3	15,138	102.3	109.8
CSR	9,588	9,786	102.1	9,805	100.2	10,063	102.6	10,247	101.8	106.9
SSR	4,193	4,373	104.3	4,528	103.5	4,739	104.7	4,891	103.2	116.6
Prague	1,006	1,023	101.7	1,077	105.3	1,165	108.2	1,186	101.8	117.9
Central Bohemian	1,270	1,275	100.4	1,193	93.6	1,136	95.2	1,142	100.5	89.9
South Bohemian	650	653	100.5	652	99.8	668	102.5	683	102.2	105.1
West Bohemian	831	856	103.0	848	99.1	873	102.9	886	101.5	106.6
North Bohemian	1,088	1,113	102.3	1,101	98.9	1,136	103.2	1,160	102.1	106.6
East Bohemian	1,200	1,205	100.4	1,202	99.8	1,225	101.9	1,244	101.6	103.7
South Moravian	1,904	1,930	101.4	1,937	100.4	1,985	102.5	2,024	102.0	106.3
North Moravian	1,639	1,731	105.6	1,795	103.7	1,875	104.5	1,922	102.5	117.3
West Slovak incl Bratislava	1,767	1,832	103.7	1,877	102.5	1,967	104.8	2,028	103.1	114.8
of which: Bratisl.				282		337	118.7	363	107.7	
Central Slovak	1,307	1,359	104.0	1,400	103.0	1,455	103.9	1,499	103.0	114.7
East Slovak	1,119	1,182	105.6	1,251	105.8	1,317	105.3	1,364	103.6	121.9

1) Preliminary data

Annex No II

Development of Population in Productive Age According to Krajs (as of 31 Dec)
In thousands of persons; indexes in percent

Kraj, Territory	1961	1965	1965/61	1970	1970/65	1975	1975/70	1978[1)]	1978/75	1978/61
CSSR	7,736	7,987	103.2	8.167	102.3	8.499	104.1	8,655	101.8	111.9
CSR	5,435	5,584	102.7	5,613	100.5	5,748	102.4	5,812	101.1	106.9
SSR	2,301	2,403	104.4	2,554	106.3	2,751	107.7	2,843	103.3	123.6
Prague	606	613	101.2	632	103.1	668	105.7	668	100.0	110.2
Central Bohemian	703	706	100.4	660	93.5	632	95.8	633	100.2	90.0
South Bohemian	356	360	101.1	364	101.1	376	103.3	384	102.1	107.9
West Bohemian	475	496	104.4	497	100.4	510	102.6	512	100.4	107.8
North Bohemian	631	663	105.1	661	99.7	670	101.4	672	100.3	106.5
East Bohemian	658	664	100.9	668	100.6	683	102.2	693	101.5	105.3
South Moravian	1,072	1,086	101.3	1,086	100.0	1,117	102.9	1,136	101.7	106.0
North Moravian	934	996	106.6	1,045	104.9	1,092	104.5	1,114	102.0	119.3
West Slovak incl Bratislava	985	1,025	104.1	1,078	105.2	1,153	107.0	1,186	102.9	120.4
of which: Bratisl.				191		214	112.0	223	104.2	
Central Slovak	713	741	103.9	785	105.9	843	107.4	873	103.6	122.4
East Slovak	603	637	105.6	691	108.5	755	109.3	784	103.8	130.0

1) Preliminary data

Annex No III

Average Recorded Number of Workers in the Socialist Sector of the National Economy (minus apprentices, members of collective farms, women on maternity leave) according to kraje--in thousands of persons, indexes in percent

Kraj, Territory	1962	1965	1965/62	1970	1970/65	1975	1975/70	1978[1]	1978/75	1978/62
CSSR	5,123	5,409	105.6	5,874	108.6	6,236	106.2	6,453	103.5	126.0
CSR	3,935	4,077	103.6	4,331	106.2	4.460	103.0	4,555	102.1	115.8
SSR	1,188	1,332	112.1	1,543	115.8	1,776	115.1	1,898	106.9	159.8
Prague	528	530	100.4	601	113.4	644	107.2	652	101.2	123.5
Central Bohemian	440	457	103.9	454	99.3	442	97.4	447	101.1	101.6
South Bohemian	232	240	103.4	259	107.9	266	102.7	272	102.3	117.2
West Bohemian	349	362	103.7	381	105.2	387	101.6	395	102.1	113.2
North Bohemian	501	521	104.0	545	104.6	553	101.5	560	101.3	111.8
East Bohemian	475	489	102.9	523	107.0	537	102.7	547	101.9	115.2
South Moravian	701	730	104.1	769	105.3	802	104.3	829	103.4	118.3
North Moravian	709	748	105.5	799	106.8	829	103.8	853	102.9	120.3
West Slovak incl Bratislava	501	562	112.2	648	115.3	747	115.3	796	106.6	158.9
of which: Bratislava				303		238	117.2	252	105.9	
Central Slovak	391	422	107.9	490	116.1	560	114.3	599	107.0	153.2
East Slovak	296	348	117.6	405	116.4	469	115.8	503	107.2	169.9

1) Preliminary data

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PRAGUE-BRATISLAVA FREEWAY CONSTRUCTION SUMMARIZED

Prague HOSPODARSKE NOVINY in Czech 14 Nov 80 pp 8-9

[Article by Lecturer Engr Frantisek Stransky, candidate for doctor of science, Federal Ministry of Transportation: "Prague-Brno-Bratislava"]

[Text] On 8 November 1980 the whole 317.4 kilometer length of the Prague-Brno-Bratislava freeway was opened to traffic. This marked the successful fulfillment of one of the important objectives of the Sixth Five-Year Plan as well as one of the directives of the 15th CPCZ Congress. The national economy obtained the use of a grand achievement of transportation engineering which represents a significant communication artery of the national transportation system possessing great technical and economic sophistication. The Prague-Brno-Bratislava freeway creates the conditions for the further development of automobile transport in our country, for the further development of the national economy, and an increase in the standard of living.

Viewed as an integral part of the overall road network of the CSSR, the Prague-Brno-Bratislava freeway follows the D-1 freeway in its Prague-Brno segment, and the D-2 freeway between Brno and Bratislava, passing through important industrial, agricultural, political, and cultural centers between Prague and Bratislava, the capital cities of the two national republics. The freeway has shortened the travel distance between Prague and Brno from 235 to 198 kilometers, and between Brno and Bratislava from 142 to 119 kilometers. The high technical parameters of the road make possible a significant increase in the speed of automotive transport and a shortening of the travel time between Prague and Bratislava to 3-3.5 hours for the transporting of people, and 4-4.5 hours for the transporting of cargo and goods. Small ascent gradients and the possibility of uninterrupted travel contribute to a further lessening of fuel consumption and vehicle wear and tear.

The completion of the Prague-Brno-Bratislava freeway has established the conditions not only for the further efficient development of domestic automotive transport, but also for the comprehensive development of international automotive transport among the countries of southeastern and northwestern or northern Europe. The Prague-Brno section of the freeway is a part of the major international European route E-50 running in a west to east direction (Brest-Paris-Nuremberg-Prague-Brno-Zilina-Kosice-Mukacevo), while the Prague-Bratislava section is a part of route E-65 running north-south (Stetin-Harrachov-Prague-Brno-Bratislava-Ozorna-Zagreb-Split). In addition to these links, this section of freeway has assumed the role of running parallel to, and transferring other international European roads such as route E-53 (Prague-Jihlava-Vienna-Maribor-Split) through the territory of the CSSR.

The international significance of this freeway increased further with its introduction as a component of two of the four international highways of the CEMA member countries, the gradual modernization and rebuilding of which as roads of a predominantly freeway character is part of the long term target programs in transport cooperation for 1990. We are dealing here with roads passing through the CSSR on the one hand from the German Democratic Republic to the Hungarian People's Republic, the Romanian Socialist Republic, on to the Bulgarian People's Republic, and on the other hand from the Polish People's Republic through the CSSR to the Hungarian People's Republic.

Basic Technical and Economic Data

The Prague-Brno-Bratislava freeway has basic technical parameters corresponding to the D-26.5 category, and is designed for speeds of 120-150 kilometers per hour depending on the territory and the character of the terrain through which the road passes. The road surfaces, divided according to the direction of travel, are 7.50 meters wide, two-lane, with a covering of asphaltic or cementic concrete. All freeway intersections with railways and local roads of all types are multilevel. All segments are outfitted with necessary safety apparatus, equipment for maintenance and administration, and rest areas for the periodic fulfillment of additional necessary services.

In the design and construction of individual freeway components on the Prague-Brno-Bratislava segment there was a consistent attempt to achieve great technical sophistication in transport and construction decisions, economic efficiency and quality in close connection with aesthetic and ecological considerations, as well as preserving the environment, agricultural and forest land, etc. There are 39 multilevel intersections along the whole stretch of freeway. Along the road there are 14 small, 23 medium sized, and 7 large rest areas, and 7 administration and maintenance centers. Construction costs for the whole segment amounted to Kcs 10.24 billion. Over the whole 317.4 kilometer freeway from Prague to Brno to Bratislava an average of Kcs 32.3 million was spent per kilometer, with costs for the cheapest sections running around Kcs 25 million, and for the most expensive over Kcs 60 million. Construction costs per kilometer along the freeway section D-1, Prague-Brno, averaged Kcs 32.5 million, and along section D-2, Brno-Bratislava, Kcs 31.7 million, very close, that is, to the overall average, even though along the first section it was necessary to overcome, over most of the distance, the Czechomoravian uplands, and the second section passed through flat country which possessed, however, unfavorable soil and hydrological properties.

Extent of Construction Work

The amount of earth moved along the freeway was in excess of 39.8 million cubic meters, and the area of road and reinforced surfaces reached more than 8 million square meters. Three hundred and forty-seven bridges were built along the freeway with a combined length of more than 14.3 kilometers. Of these, 206 are freeway bridges, while 141 additional bridges are overpasses or bridges for the transferred sections of highways and other roads. Thirty-nine multilevel interchanges were built at an average distance of 8.1 kilometers apart. The length of the drainage system (sewer drains, open trenches, and the like) is almost 855 kilometers.

On the average, it was necessary for every kilometer of the Prague-Brno-Bratislava freeway to move more than 125,000 cubic meters of earth, lay more than 23,000 square meters of road surfaces, reinforced shoulders, rest areas, etc., construct almost 2.7 kilometers of drainage system, and erect one bridge about 45 meters long and having an area of 925 square meters.

The central coordinator for the construction of the Prague-Brno-Bratislava freeway was the Federal Ministry of Transportation, and the direct contractors the Freeway Directorates of Prague and Bratislava.

The Prague Freeway Directorate saw to the completion of the Prague-Breclav section (77.8 percent of the total length) and the Bratislava Directorate took charge of the Breclav-Bratislava link (22.2 percent of the total length).

The general designers were the design institute of Brno Dopravoprojekt, Bratislava Dopravoprojekt, Prague Pragoprojekt and the Prague Military Design Institute, with each designer responsible for the following percentage of the total length of the freeway: Brno Dopravoprojekt, 45 percent; Bratislava Dopravoprojekt, 16.9 percent; Prague Pragoprojekt, 13.5 percent and the Prague Military Design Institute, 24.6 percent. The development of the predesign documentation for this stretch of freeway was progressively initiated between 1958 and 1967. The decision to develop and submit for approval a design for the completion of construction of the Prague-Brno-Bratislava freeway was contained in government decree 176 from 1966. In December 1966, with the active participation of Soviet experts, this study was approved by the State Technology Commission as an investment study, replacing existing design targets for specific structures as the basic document for further design preparation. The protocol of approval then established further conditions for the scheduling and material approach to design preparation, and contained as well the binding design parameters of the freeway.

From the very beginning, modern computing and drafting technology, including modern methods of aerial photographic surveying, among others, were fully utilized in the processing of mapping and geodetic work, geological research, and the like, with the efficient assistance of research institutes and colleges. This was particularly true in the preparation of the design documentation of individual structures and facilities.

Construction Procedure

Work commenced in September 1967 on the territory of the CSR with the construction of the Prague-Mirosovice section, and in Slovakia in April 1969 with the construction of the Bratislava-Malacky section.

The whole freeway was divided into 25 construction segments, four of which constituted independent bridge units. The length of the segments was established at from 4 to 30 kilometers depending on the possibilities for connection to the existing highway network, passability after the completion of individual projects, and the technical and economic conditions of each project (the extent and difficulty of facilities, geological conditions, technical coordination, and the like). Construction of the individual segments progressed gradually, above all in the Fifth and Sixth Five-Year Plans, and in four flows. According to their temporal order, the first of these flows began on freeway D-1 in the direction from Prague to Brno; the second flow began in Bratislava and progressed along freeway D-2 to Brno; the third was a counter flow, commencing in Brno and moving to Prague, and the final flow began in Brno and was directed towards Bratislava.

On the Prague to Humpolec segment, the chief contractors for individual freeway structures were Prague Highway and Railway Construction national enterprise, Kosice Engineered Projects (2 large freeway bridges), and Prague Military Construction Projects sectoral enterprise. On the Humpolec-Brno and Brno-Breclav segments the chief contractor was Olomouc Transporation Construction Projects national enterprise, and on the Berclav-Bratislava segment Bratislava Doprastav national enterprise. There enterprises assumed the following shares of the construction (expressed as a percentage of total segment length): Prague Highway and Railway Construction, 15.3 percent; Olomouc Transportation Construction, 48.5 percent; Bratislava Doprastav, 22.2 percent; Prague Military Construction, 14.0 percent. Expressed as a percentage of the volume of construction work these participation shares appear as follows: Prague Highway and Railway Construction, 14.9 percent; Olomouc Transportation Construction, 50.9 percent; Bratislava Doprastav, 20.9 percent; Prague Military Construction, 12.4 percent; Kosice Engineered Construction, 0.9 percent.

In addition to these major contractors in the construction of this stretch of freeway, several other enterprises assured part of the construction as subcontractors. Among them it is necessary to name, for instance, Ostrava Vitkovice, Ostrava Metallurgical Assembly, the Teplice Krusnohorske Machine Works, the Central Bohemian Czechoslovak Automotive Transport, the South and East Bohemian, South Moravian, and West Slovakian Regional National Committees, and others.

About 110 kilometers of freeway were started between 1967 and 1970, even though the Fourth Five-Year Plan period (1966-1970) was characterized, in the realm of freeway construction, primarily by the formulation and gradual stabilization of all elements of the investment process for these projects, and by the creation of specialized collectives and groupings of construction contracting organizations.

According to the directives of the 14th CPCZ Congress, the pace of freeway construction was increased during the Fifth Five-Year Plan. Construction was begun on an additional 188 kilometers (153.8 kilometers of which belonged on the Prague-Brno-Bratislava freeway). The realization of planned volumes of construction work in the Fifth Five-Year Plan made possible not only the above progress in the work on freeway construction, but also, beginning in 1971, the gradual opening to traffic of the first sectors. By the end of 1975, 110 kilometers of freeway were already open to traffic.

By the same token, the Sixth Five-Year Plan has been a period of the further progress and speeding up of freeway construction throughout the CSSR, but above all on the Prague-Brno-Bratislava freeway because, according to the resolutions of the 15th CPCZ Congress, the state plan provided for the opening of the whole distance of the Prague-Brno-Bratislava freeway to traffic by 1980, and the initiation of the construction of additional freeway exit segments from the major cities, which are the areas most choked by traffic. On the Prague-Brno-Bratislava freeway construction was begun on all the previously unstarted projects, representing an overall distance of 53.8 kilometers, all on the territory of the CSSR.

This year a total of 56 kilometers of freeway will be opened to traffic, on the three segments: Humpolec-Pavov (21 kilometers), Hustopec-Breclav and Breclav-Morava River (35 kilometers). It is, however, necessary to state that certain finishing tasks, amounting to almost Kcs 290 million in volume, and conducted for the most part off the freeway, will still continue in the coming year. We are talking mostly about field trails and roads off the freeway, about modifying streams and drainage under embankments; later there will be changes in the landscaping and land reclamation. It will still be necessary to dispose of construction site facilities, and at the same time finish rest area construction, the placement of guard rails and sound barriers (an example is the 1,500 meter long sound barrier near Hustopec). However, freeway traffic will be limited by this work only slightly.

New Technology

The realization of such a large project was made possible in a number of cases by the use of new technology, new high performance machines and equipment, the likes of which had never before been used in our country for the construction of highways and other transport related projects. Among these it is possible to point to the introduction and use of Gontert-Zimmermann G+Z finishers, or CMI-TS-500 automatic graders equipped with automatic leveling equipment, for the laying of foundations and covering layers of freeway road surfaces, which achieved daily performances in the laying of foundation layers of 1,100 meters in length and 13.25 meters in width, and of 700 to 1,000 meters in length and 8.25 meters in width in the laying of cementic concrete road surface covering. In the concreting of road surfaces 10.75 meters wide, this machine achieved a daily output of up to 930 meters, which represents the application of more than 2,800 cubic meters of concrete. New technologies and special machines were used in the compacting of the soil for the freeway bed and for individual layers of the road surface.

Agrotextiles were first used in large amounts as filtration layers for embankments on freeway D-2 on the segment near Breclav, and aid in preventing the erosion of tiny soil particles from the road bed during changes in the level of ground water on the flood plain of the Morava River.

New technologies and construction methods which fully utilize the progressive production, in bulk and serially, of construction elements, new assembly methods and systems of foundation construction were used in the construction of the freeway and its bridges. The unification and repeated application of modern bridge construction techniques was expanded to a significant degree.

New Types of prefabriacted, assembled bridge girders up to 30 meters long were developed and used, as well as concrete plates weighing 28 to 30 tons and designed for the cantilever assembly of the bearing structures of bridges, and a new system was developed and successfully implemented of telescoping falsework for the construction of large bridges, etc. A new structure of prefabricated elements was especially developed for the construction of freeway overpasses.

Among the numerous freeway bridges, overpasses, and other bridges, a great number of large bridges was erected. It is appropriate to mention at least a few of these.

a.) Steel Freeway Bridges

The bridge at Zelivka River near Pist, 229 meters long, divided into 3 spans, and running at a height of 10-12 meters above an existing arched highway bridge of reinforced concrete.

The bridge across the Oslava Valley near Velke Mezirici with an overall length of 425 meters at a height of 77 meters above the river bed, consisting of 4 spans, the longest of which stretches 135 meters;

b.) Freeway Bridges and Concrete Viaducts

The viaduct over the central freight depot at Brno-Herspice consisting of 10 spans with a total length of 236 meters, which uses assembled, prefabricated beams for its bearing horizontal structure;

The 12-span viaduct at Sekulice on freeway D-2 made of simple beams 35 meters long, with a cantilevered joining beam 70 meters long, bridging a total length of 6.5 meters;

The freeway bridge across the Sazava River at Hvezdonice, spanning a total of 462 meters with 9 concrete spans done successively on telescoping falsework, with the length of the longest span being 54 meters;

The freeway bridge across the Morava River near Breclav with 20 spans roughly 35 meters in length--with an interposed 3 span bridge structure 169 meters long of prestressed, cantilever construction concrete--making the overall length of the bridge 878 meters, the largest on the Prague-Brno-Bratislava freeway;

The freeway bridge across the Sedlice stream having a framework construction of prestressed concrete consisting of three spans in a cantilever/construction assembly of 32-ton plates with cemented joints and spanning an overall length of 216 meters.

Freeway Administration and Maintenance

For freeway maintenance, Centers for Freeway Administration and Maintenance (SSUD) have been placed at roughly equal distances from each other, and outfitted with the necessary resources and equipment to assure not only cleaning and routine maintenance, but also safe driving conditions on the freeway road surfaces throughout the year.

Winter maintenance tasks are especially demanding on the technical capacities of the equipment and on the consumption of chemical agents for spreading, because these must as a rule be applied around the clock each year from the beginning of November to the end of March.

Administration and Maintenance Centers are located about 50 kilometers apart. There are seven of them between Prague and Bratislava. Presently not all of them are fully operational, because construction has not been completed on them; maintenance is therefore being carried out from temporary facilities. In the wintertime uninterrupted, three-shift service is maintained, so that any necessary work effort may be initiated within 30 minutes. For practical purposes, however, this means that even given the presence of two crews intervention is possible at the farthest removed locations in no less than 2 1/2 to 3 1/2 hours--and in a heavy snowfall the drivers cannot even see the freeway.

Maintaining 1 kilometer of freeway costs roughly Kcs 140,000 per year, of which 45 percent is devoted solely to winter upkeep.

Economic Contribution

The payback period for the investment in the construction of individual freeway segments varies from 8.5 to 14 or 15 years depending on construction costs and traffic loads, and averages about 12 years. Yearly social savings during this period may be estimated as a little over Kcs 800 million. The crucial components of these savings are: a lower freeway accident rate; lower travel times for freeway trips; lower fuel and lubricant consumption, and less vehicle wear and tear; even though as a rule there are higher operational costs for the administration and maintenance of freeways.

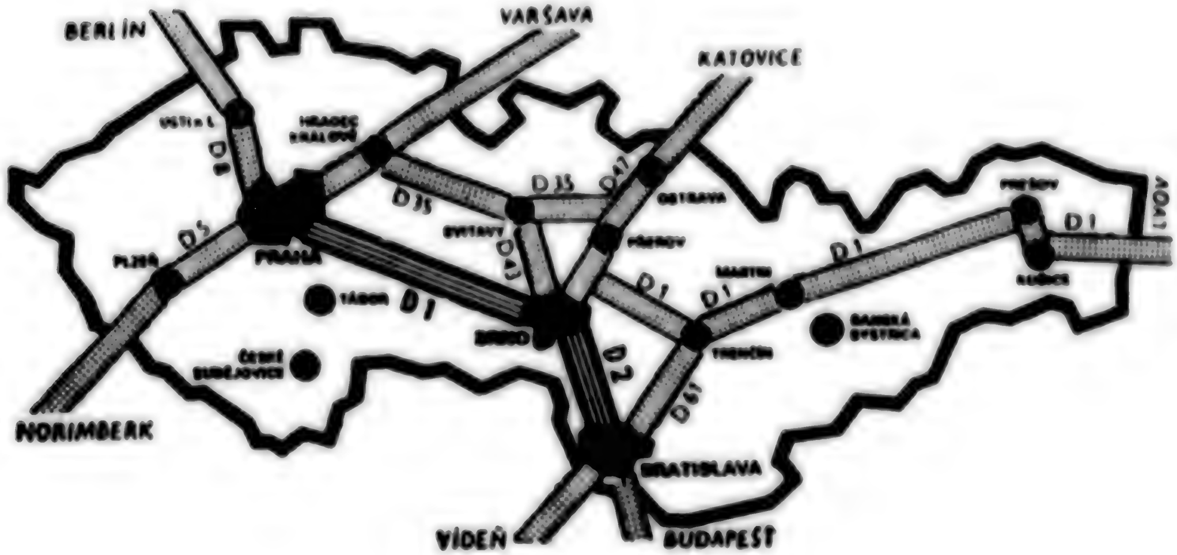
According to foreign experience, which has been partially verified in freeway travel in our country between 1971 and 1978, the accident rate per unit of transportation output (vehicle kilometer) is roughly 2 to 2.5 times lower for freeway traffic than for traffic on two-lane highways. This decrease amounts to about 1.5 accidents per million vehicle kilometers, as computed by a new methodology in use in recent years. In the evaluation of social losses (death--Kcs 1 million, serious injury--Kcs 40,000, light injury--Kcs 20,000, and property damage at an average of Kcs 2,000), the overall amount of losses, according to the structure of the consequences of an average traffic accident in 1970, amounted to roughly Kcs 77,000 per traffic accident.

Most of these losses stem from injury or death, that is from losses borne by the human participants--the creators of national income. It is therefore also necessary to consider that the social losses from a single traffic accident will increase proportionally with the growth of national income produced. The shortening of the freeway route in comparison with the parallel older highway route--as between Prague and Brno--represents about 15 percent of the length of the original highway link. The progressive technical parameters of freeways, even in view of the absolute limitation of private automobile speed to 110 kilometers per hour, lead as a rule to significant time savings, because freeway travel speeds are about 20 to 30 kilometers per hour higher in comparison with speeds on the existing two-lane highways with their obsolete and often unfavorable characteristics, including two directional traffic, grade crossings, and the frequent obstruction of transit by the built up areas of towns. With greater traffic density, especially near population centers and during transit through cities and towns, this speed differential increases still more in favor of freeways, and reaches 50 and more kilometers per hour at rush hour.

Favorable gradients and tranverse arrangements of freeways enable, even at times of heavy traffic intensity, practically all vehicles to proceed smoothly, without frequent gear shifting, speeding up, or slowing down. In comparison this means, given the same travel conditions on two-lane highways, significantly less vehicle wear and tear and lessened fuel consumption by 15 and more percent (depending on the type and model of vehicle). In numerical terms, the above-mentioned social savings per vehicle kilometer, under the traffic conditions of 1980, represent Kcs 0.18 on a freeway segment with average traffic density. Projections point to a gradual increase in this figure to Kcs 0.65 by 1990, with further growth in future years. In the case of freeway segments near large cities and urban agglomerations, where the density is twice as great, the above values for social savings reached an amount of Kcs 0.44 per vehicle kilometer in 1980, with a projected growth to Kcs 0.65 by 1990.

At present time then the yearly social savings from freeway use, depending on traffic intensity, range from Kcs 1.5 to 8.5 million per kilometer of freeway. This will gradually increase with the growth in traffic density. One may presume that in the next 10 to 15 years it will increase to Kcs 8 to 16 million. According to these views, freeways are highly effective socially for the operation of automotive transport, because they make possible smooth, safe, and rapid traffic flow even under conditions of highly intense and dense automotive transport of people and cargo. Under certain transportation conditions the advantages of freeways, particularly in terms of energy demands, exceed those of air transport, because the latter consumes many times more fuel per person or ton of goods moved. For this reason long distance, express bus service is being introduced in our country as well. In particular, the travel time between Prague and Brno from center to center will be basically identical by freeway as by airplane, while the price of a bus ticket will be significantly less than an air ticket, and the bus schedule will be much less dependent on weather conditions.

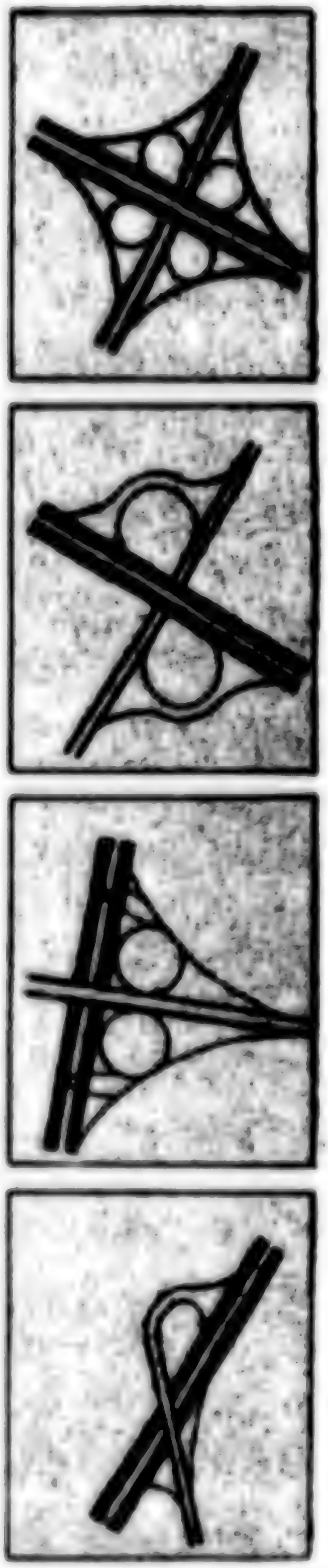
With the opening of the whole Prague-Brno-Bratislava freeway to traffic, the total length of Czechoslovak freeways has reached 375 kilometers, which is about one-fifth of the total planned extent of the freeway network of the CSSR. However, the freeway builders are faced with additional demanding tasks in the realization and preparation for this construction, which will be directed in the coming years of the Seventh Five-Year Plan above all at the construction of those freeway segments exiting from the large cities, which are the most difficult from a traffic point of view, and several other freeway segments and facilities.



Planned CSSR Freeway Network

In addition to the construction of the Prague-Brno-Bratislava freeway, the 15th CPCZ Congress established the objective of beginning construction on freeway segments exiting from large cities.

Therefore, in the Seventh Five-Year Plan the further development of the freeway network is foreseen, in particular the construction of connecting segments. Within the possibilities of the national economy, work will continue near Prague on freeway D 5 in the direction of Plzen and on freeway D 11 in the direction of Hradec Kralove, and near Brno on freeway D 1 in the direction of Vyskov, as well as on freeway D 61 from Trnava to Horna Streda, and on freeway D 1 in the area of the Tatras near Presov. The total current length of all freeway segments open to traffic is 375 kilometers. In addition to the Prague-Brno-Bratislava segment (317 kilometers), there is a segment of freeway D 1 near the Tatras (21 kilometers), and a segment on the Bratislava-Trnava freeway D 61 (36 kilometers).



Types of freeway interchanges on the Prague-Brno-Bratislava freeway: tubular, delta type, figure eight, clover leaf.

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CSO: 2400

HUNGARY

PROVISIONS OF 1981 STATE BUDGET EXAMINED

Budapest FIGYELO in Hungarian No 52, 24 Dec 80 p 5

[Article by Dr Antal Pongracz: "The 1981 State Budget"]

[Text] Our economy is progressing on the new course of development, the economic policy outlines of which were formulated as a unified and comprehensive conception in 1979, on the basis of the December 1978 resolution of the MSZMP Central Committee. Our resources and goals, as well as domestic and external conditions all hastened the change. The essence of the new plan is that economic growth must be subordinated to the requirement of improving the balance, and it must be adjusted, above all, to the results achievable through the attainment of foreign trade equilibrium. Thus, changes must be implemented at several points in the economic mechanism--in the goal system of planning, in the improvement of the evaluative and incentive roles of regulation and in the establishment system of direction and operation.

One of the greatest changes was the 1 January 1980 modification of the price and regulation systems.

On the Way to the Solution

As a result of stricter and more direct regulation, the proportion between incomes which are earned and their domestic consumption is expected to be more favorable in 1980. Thus, even though economic growth will be at a relatively slower rate, nonruble accounting foreign trade will be essentially in equilibrium, and will have a favorable effect on the country's international monetary situation. Improvements in the national economy's export capacities, the decrease of imports to a level comparable to 1979 and the nondeterioration of the exchange rates in this relation will also have their effect. Our enterprises have made better use of the opportunities presented by foreign demand.

The total income of the national economy, at current prices, will be greater, but in real value will be less than planned. The population's income and consumption will increase to nearly the planned level, since the lower growth than that expected in the economy is not felt at first in this area, but rather in that of stockpiling.

Changes in the operation of economic regulators and in economy directive practices have also modified the conditions of enterprise operation. At the beginning of the year, a decrease in profits was generally expected, and many pessimistically decried our development and growth possibilities. As a result, the enterprising mood waned. The enterprises gradually adapted to the new conditions. The closer interrelationships of production and market demands are also indicated by the favorable processes of supply development.

The monetary situation of enterprises and cooperatives, despite the significant reorganization of incomes, is more balanced than in 1979. Their profits--in contrast to enterprise expectations at the beginning of the year--are expected to be greater than planned, will equal that of the previous year and will be close to the upper limits of the planned 8 to 10 percent instrument plus wage proportionate profit. This was made possible by foreign trade price conditions more favorable than expected, by relatively low energy and wage expenses, by higher production prices than planned and, not the least, by the initial results of enterprise efforts to modify the export structure.

Again in 1980, the condition of the state budget will be determined by the net budgetary contributions of enterprises and cooperatives (reduced by the amount of subsidies they received), or rather, by the contrasted development of budgetary receipts and public social expenditures.

The state budget--as a result of city and town contributions and an increase of a few percentage points in the profit tax rate--is centralizing the net income of operating units in approximately the same proportions as last year. The increase in production price levels--more rapid than expected--has made the increasing of production and consumer price supplementation, and in places the reduction of the sales tax, necessary in order to maintain consumer prices within the planned limits.

With the decrease of stockpiling activities, budgetary expenditures for this purpose will be less than in 1979, although the decrease--primarily because of increased expenditures for certain energetics, metallurgy, food industry and transportation in state investments--will not reach the planned level. Public social expenditures will exceed the planned level somewhat because of the conflicting price increases during the year, or rather, as a result of certain social policy measures. Expenditures are also increased by the fact that the budget is undertaking the reimbursement for the portion of the damages caused by flood and internal waters which cannot be covered from savings and from compensation by State Insurance.

The economic accomplishments of the past 2 years are creating a favorable starting basis for performing the tasks of the coming years. As far as improving the foreign trade balance is concerned, the economic policy implemented during this time period has proven itself to be correct and successful.

The continued improvement of the balance situation and the foundation for development during the coming years cannot be resolved solely through reducing domestic end-use consumption. For further progress, significant results must be obtained in the transformation of the economic structure and in improving our capabilities for international competition. In addition, our domestic equilibrium situation must become more balanced. This can be accomplished through an appropriate supply of consumer goods, through harmonization of monetary resources and implementation possibilities, and through sensible distribution and redeployment of manpower. The harmonization of the monetary responsibilities and resources of certain income proprietors must also be further strengthened.

The goals of the plan must be realized under external conditions which are expected to be more difficult than in previous years. This demands the maintenance of strict regulation of purchasing power and direct enforcement of the higher standard indicative income regulation system.

There is no need to significantly change economic regulation in 1981. The chief direction of the corrective modifications which have been implemented in the interest of improving the monetary balance is toward reduction of discounts and special favors which appear to be unjustified.

Distribution and Consumption of Incomes

The considerable changes implemented in the regulation system in 1980 have made the review of economic processes more difficult. Under such circumstances, the planning and formulation of the state budget is requiring considerably more circumspect and more responsible effort. Within budgetary planning, the following income distribution goals are determining the structure and growth rate of receipts and expenditures:

-- the regulation of domestic consumption of income (spending) so that it complies with improving the foreign trade balance must be assured;

-- harmony must be created between the tasks and receipts of the budget; at the same time, care must be taken that the enterprises make the monetary resources for balanced operation available;

--finally, there must be contributions toward the realization of the economic policy goals in regard to standard of living and living conditions of the population.

According to central calculations, the total income generated by the national economy will increase by nearly 5 to 6 percent, at current prices. Earnings are expected to surpass that of this year by 10 to 12 percent. Our budget projections call for enterprise profits of 189 billion forints. Its achievement at the planned rate of economic development is postulating a much greater improvement in efficiency than in previous years. The budgetary projections are counting on a lack of significant change in the proportions of contributions by the chief earners (the state, the enterprises and the population).

The 1981 budget was submitted expecting receipts of 477.9 billion forings, and a total expenditure of 482.4 billion forints. The deficit is 4.5 billion forints, which is equivalent to the amount expected in 1980. It is apparent that the budgetary situation does not yet reflect the improvement of general balance relations. The budgetary liabilities of investments whose implementation is ensuring the energy supply and basic materials production cannot be further reduced. In addition, the increasing proportion of obligations which are accompanying the slowing of economic growth are also devolving on the budget.

The subsidy-reduced contributions of enterprises, however, are growing rapidly, by 6.5 percent. The centralization of a greater proportion of profits and the increase in marketing and sales-related contributions have a determinant role in the nearly 14-billion-forint increase. Some 80 to 82 percent of total budget receipts is derived from enterprise and cooperative contributions, while subsidies paid to them comprise 30 percent of total budget expenditures.

While modifications adjusting income regulations are reducing the income redistribution role of the state budget, this function, which on the one hand aids the gradual development of profitability in a production structure that is adapting to high level foreign requirements, and, on the other hand, serves to protect consumer prices, will remain significant in 1981. In order to realize standard-of-living goals, next year's production price changes can only be partially implemented in consumer prices. The disparities between the movements of production and consumer prices, however, are necessarily increasing budgetary intervention. This is apparent in the nearly 1-billion-forint deterioration in the balance between the sales tax and consumer price supplementation, and in the increasing of subsidies for construction materials production, housing construction and maintenance.

Stockpiling and Public Consumption

In harmony with the general direction of stockpiling processes, the budget's participation in the financing of stockpiling will continue to decrease in 1981. This type of expenditure will be 4.5 billion forints less than it was in this year. In all investment categories, budgetary projections are fostering in-process developments as planned. The budgetary expenditure for large investments is 13 billion forints. Among the most important of these developments are the Paks Nuclear Power Plant, the construction of a conversion steel plant by the Duna Iron Works, subway construction and the expansion of Ferihegy Airport. The budget is appropriating 21 billion forints for goal group investments in production and communal infrastructure development. The budget is contributing nearly 12 billion forints toward direct state subsidies for enterprise investments in the form of state loans and subsidy credit. The economic condition system for energy conservation systems is changing considerably. The continued development of the energetics price system is increasing enterprise interest in energy rationalization.

Nearly half of total budget expenses are for public social expenditures. These expenditures include contribution to the money supply for consumption and for fulfillment of various economic and timely needs. The utilization of these funds is sensibly thrifty. Thus, the increasing of the money supply for public social consumption is serving primarily to preserve the purchasing power of low pensions, and for maintaining and, in a restricted sphere, raising the level of basic support--health care and social support, general education, community services--provided through budgetary measures.

Dependence on the Economy

The spending projection of budgetary measures is 7 percent higher than that expected for this year. Nearly one-third of these belong to the sphere of so-called basic support. The differentiated level of funds for these services was already endorsed during the development of the projections and the monetary basis for their operation was increased by 10.5 percent, which is more than the average. For other areas, only a 5.5 percent development, which is maintenance of current levels, could be funded. In all areas, the projections contain funds for the operation of projects realized from investments. The 8-percent increase in social insurance spending is primarily covering the automatically evolving effects of the support system. Within this framework, the state budget is earmarking 61 billion for pensions, 15 billion for family allowances and 14 billion for disability and relief during the next year. The operation of local governments is based on the 1981-85 monetary plan and income sources which have just been approved by the councils, and which are adjusted to the budget's social expenditure levels.

Enterprises are well acquainted with the goals and requirements which they must achieve in their operation, during their everyday work. This is not a novelty, since it is already possible to put the experiences of the "trial years" to good use. Currently, the primary need is for enterprises, with awareness of the external conditions, to once again think their strategic and tactical conception through. Determined and rapid changes must be made, especially on those points which heretofore have been classified as either weak or mediocre.

Not only the enterprises, but also the budgetary establishments can do much toward the success of next year's budget. The proper ranking of tasks by these establishments is becoming more important.

9093
CSO: 2500

IMPLEMENTATION OF INVESTMENT PROJECTS DESCRIBED

Budapest FIGYELO in Hungarian No 52, 24 Dec 80 pp 1, 2

[Article by Andras Vertes: "Investment Situation Picture"]

[Text] That counts as unusual in the investment field if nothing is unusual. In this sense the current year's investments are surprising, at least in respect to total investment indicators. The investment expenditure of 184 billion forints called for in the economic plan is expected to be fulfilled without any essential variations. Because of a price level that is higher than planned, to be sure, we are devoting an additional several billion forints to investments, but the essential goal of reducing the volume of investments is being realized. In fact, we can expect that the "cooling off" of the investment process will be somewhat greater than planned: a volume decline of 7 to 8 percent instead of 4 to 5 percent can be expected.

The effect of the investment restraint is felt least in the area of state investments. For example, in the case of large investments we can count on an overfulfillment of the planned sum. An important role is played in this by the fact that we have accelerated the implementation of the Paks Atom Power Works, and although the builders could not fully make up for the lag, still instead of the planned 8 billion forints' worth of expenditures for 1980 we can expect an advance of nearly 10 billion.

Of the 29 large investments in progress at the beginning of the year, 11 had to be finished by year's end. Because of better utilization of implementing capacities, these developments will in fact be essentially finished, although in the case of three or four investments some supplementary type jobs will have to be postponed into 1981. The completion of the other large investments is also moving faster than in earlier years.

In Accordance With the Goals

A small-scale overfulfillment (at current prices) can also be expected in the so-called target-oriented investments, chiefly of an infrastructural nature. This stems on one hand from an extent of railroad vehicle acquisitions that exceeded estimates and on the other hand from the fact that the central housing construction which made up more than half of the amount became more even (more regularly paced). It is an unfavorable phenomenon, however, that once again there is a rise (even though relatively small) in the average building cost of houses while the average basic dimensions are decreasing.

As a consequence of all these things, the value of state investments is expected to exceed estimates by several billion forints in 1980, and its ratio in the investments of the socialist sector will increase. It is true that a role is already played in this growth by the fact that a moderation in enterprise developments exceeds the targets.

It is well known that in 1979-1980 it became necessary to restrain the investment process primarily because the upswing experienced in the previous 2 years had a damaging effect on the internal and external balance of the economy. Both upswing and restraint occurred primarily in the framework of enterprise developments. For example, in 1978 enterprise investments exceeded the 1976 level by about 30 billion forints, and since then they have declined by about 10 billion forints.

Of course many othér influences are reflected herein, not only the conscious intervention by economic guidance. The self-development of enterprises became exhausted, as a consequence of earlier development they were burdened with debts. Otherwise as well, the last year of the plan period gives stimulus to the completion of investments underway; the unshaped nature of the development goals for the coming plan period is holding back the start of new development programs of important dimensions. The new price and regulator system which was introduced in the beginning of the year increased the uncertainty even more and the enterprises themselves did not know very well themselves for a time what it would be worthwhile to develop. Thus the considerable reduction in this year's enterprise investments is largely a consequence of the fact that essentially fewer developments have been started than usual.

The braking of the investment activity exercises a favorable influence on the implementation process itself. On one hand it moderates the demand for investment goods; it makes the relationship between buyers and suppliers more balanced. In 1980, for example, the domestic and dollar-account machine investments are declining to the greatest extent, something which is also evident on the foreign trade balance or in the development of industrial production. Within industrial production, which is declining overall to a small extent or remaining stagnant, it is expected that machine industry production will decline significantly. There are numerous examples of the fact that the decline in construction demand--even in the otherwise least balanced construction situation in Budapest--has forced the implementing enterprises to accept undertakings. It had been chiefly the provincial construction industry organizations which felt most quickly the altered market situation. To use capacities to the full, they did not regard it as onerous to accept city job undertakings, in some cases they initiated price competition and even took jobs they were not inclined to accept previously.

Deteriorating Efficiency

Investment moderation is favorable, moreover, in its effect on implementation time. In 1979, for example, 264 of the completed 419 investments were not implemented by the planned time, but this year, as it appears from information related to certain investments, the ratio of facilities completed on time is increasing.

In 1979, too, there was a decline of about 20 billion forints in the total value of investments in process at the same time. It is expected that this year the decline will be substantially greater basically because of the decline in new investments. The unfinished stock of investments will apparently be reduced, which is a consequence of the acceleration in the time needed for putting them into operation. All these processes indicate that one of the basic economic political efforts of recent years, the "cooling down" of investment activity, has been accompanied by success.

It is premature to prepare a balance on the investment experiences of the present five-year plan period. But still we can already call attention to several interconnections. Let us first look at the volume: investments worth 870-890 billion forints were targeted for the plan period as a whole, and 920 billion is being realized. The excess, therefore, is not in itself extremely great, about 5 percent. If we consider by how much the investment level in 1980 exceeds that in 1975, the picture we obtain is even more favorable--instead of the planned 25 percent, the increase does not even come to 15 percent. Of course, the situation is different if we look not only at the index figures for investment activity, but we also carry out analyses parallel with other economic processes. This evaluation which also takes into account quality factors is negative. Since the achievement of the economy (revenue and export) lags substantially behind the goals, the efficiency of the investments also developed less favorably than planned.

At the beginning of 1980, we studied the large stock of investments still in process. The goal could have been that the studies should to a certain extent point out why the efficiency of development activity did not improve, what decisions proved wrong in the altered external and internal economic situation, or at least the ones that should be corrected. Many experts expected that the main point of view of the studies would be an analysis of the new (or old, but formerly ignored) market processes. Petty points of view stressing budgetary savings were emphasized, however; petty, because the savings were comparatively insignificant. The "result" of the studies, unfortunately, was not more than a recognition of otherwise also unavoidable deadline and cost modifications or technical changes in substance of minor importance. Occasion did not arise for stopping developments already started or for substantial modifications, there were only decisions about delaying several developments at the preparation stage. Of course, this would not give us trouble if the developments in process increased the national income to the extent desired.

At the sign of a slump in investments of relatively important dimensions, the question frequently arises whether such an investment recession lasting a relatively long time (several years) is desirable in Hungary. Others question whether the investment level, as it has developed, can be maintained. Finally, one can frequently hear doubts expressed whether the slump in development initiatives by the enterprises will prove lasting. I shall seek to give answers to these questions below.

Those who have fears for our economy in respect to the investment slump generally bring up technical development and the necessary increase in exports. These concerns are conceived following clearly positive economic efforts. Still in the present situation this comprehension apparently does not lead to correct deductions; it is capable of imagining the maintenance of the technical level and a substantial rise in certain activities only by increasing investments. The investment is itself an increment in the whole, an increment of fixed assets. (To put it more exactly, it is not an increment of the entire whole, but only of the part remaining after the supplementary investments.) Therefore, it is possible that according to the concepts the investments will not increase essentially in the Sixth Five-Year Plan period, and still the stock of fixed assets will increase in 5 years by about 25 percent, at a faster rate (!) than the increase in production. In itself, therefore, the fact that our investment possibilities have also become more narrow still does not limit the desired technical development. In truth, the question remains this: What shall we use our development sources for?

But the question of "how much" can be conceived of not only from a macro-economic point of view but also from the point of view of enterprise endeavors. Will our enterprises be satisfied with this much investment, will the financial mechanism be capable of keeping a tight hold on the sources being formed? It appears this is today one of the most difficult economic political questions. We must take into account an immense, and frequently contradictory point of view, to make it possible for us at least to approach an answer that is free of crudely one-sided features.

The first "disturbing" circumstance, in any event, is that this year the enterprises have not even fully used their available development sources. Apparently a (small) part of the credit quota available for development goals will not be used by the enterprises in 1980. Relatively important free money instruments will remain unused in the enterprise development fund accounts. In the first months of the year, the credit demand was extremely mild. All this indicates that the enterprise development initiatives have been repressed. This is quite an unusual phenomenon by us. Should we regard it as temporary or must we accept it as a permanent trend?

In my opinion we are dealing with an exclusively temporary slump. This otherwise too uncertain phase of the plan period was influenced by the economic-political modification of course and the modernization of the economic mechanism. The enterprises, particularly the smaller ones, have come into an uncertain situation, and the overthrow of frequently and rightfully berated stability appeared primarily in the financial area. For a time, they themselves did not know how many sources they had available.

Will There Be Initiative?

In the second half of 1980, the credit demand became more brisk, and it already exceeds last year's demand by about 100 percent. All this is due to the large development programs of several big enterprises (this is due to the large development programs of several big enterprises (this is understandable for these enterprises already know their task with essential exactness for the next 5 years), but for the time being there is no suggestion of a general development upswing. The unfolding of such a process is not likely in the first months of 1981, for the development programs and preferences of the next plan period will be finally shaped only by the middle of 1981. Enterprise managers, too, will be preoccupied for a time with five-year plan preparations, and thus an actual upswing in enterprise initiative readiness can be expected only by mid-1981. More important than an exact forecast, however, is to establish the fact that there is no question about a permanent and general withdrawal in enterprise development behavior. In addition to the foregoing, this is also shown by the fact that the sums devoted to the planning and preparation of enterprise investment increased in 1980 in contrast to the general declining trend.

But it would not be a realistic picture if we did not mention the strongly differentiated financial situation of the enterprises. There are a group of enterprises which in the coming years will essentially lack free development sources. The development funds which they are forming are eaten up by credit and loan repayments. Primarily those enterprises belong to this group which under the past five-year plan period dynamically expanded the stock of their means by using external sources. For these enterprises the channels of development are closed for years to come (not counting their very limited and at present essentially inoperative fund availability possibilities).

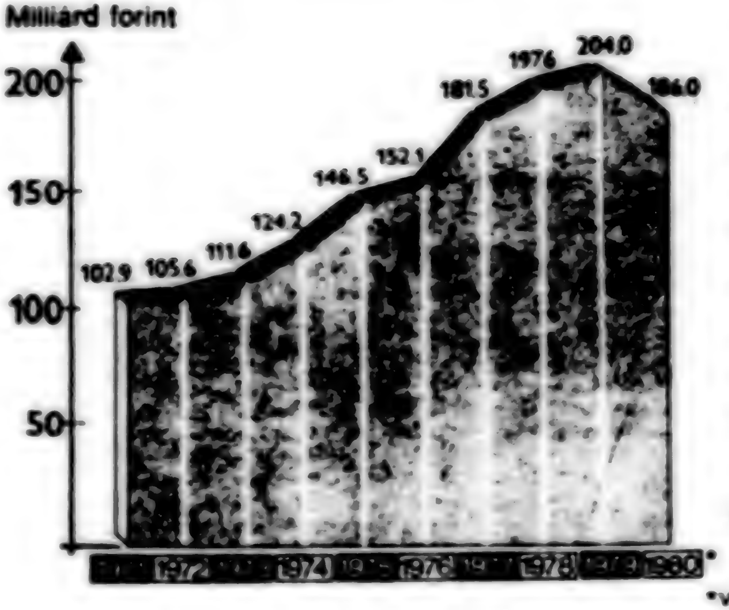
Flexibility at the Top

It can also be put in this way that the leaders of these enterprises carried out developments beyond their strength and must now suffer the consequences. This is a one-sided way, however, of putting it for two reasons. On one hand the enterprise leadership can hardly be made responsible for the fact that the credits (loans) taken under the old profitability conditions must be repaid under new relations (price and regulator system); and on the other hand the attitude of the financial organs even strengthens the inflexibility of the enterprises. In negotiating a given investment credit (or state loan) one of the main efforts of a bank is to insist upon maximum enterprise financial participation. For this reason it frequently happens that enterprise development sources completely independent of the given development program are drawn into the financing, thereby fully exhausting the enterprise's later investment possibilities. When an enterprise has no worthy money reserves, its mobility and flexibility possibilities are ended.

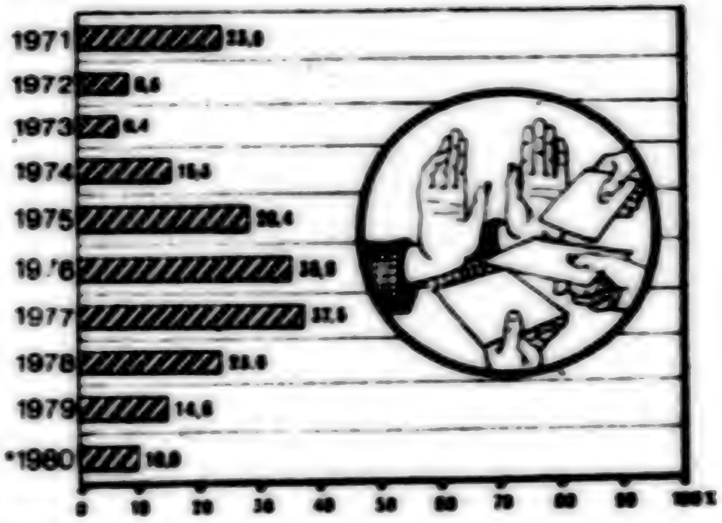
The financial situation of another group of enterprises, however, is better than calculated. It still is not clear by how much the 1980 enterprise profits will exceed the goals, but it is certain that they will be substantially greater. In some cases this can lead to a relative important surplus in development sources. The correction of certain elements of the regulation serve exactly the goal of seeing that an investment upswing does not develop as a result of these surpluses.

The 1981 annual economic plan is counting on a decline similar to the investment volume. This is based primarily on the decline in the value of the investments in process and the source withdrawal measures. There might be opportunity in investment policy for shorter range regulation than has been the case heretofore. The various development preferences and dispreferences could be adjusted to the rapidly changing investment behavior. For example, we can count on seeing in mid-1981 the start of a relatively important sum of investments. To assure that this will not result in 1982 in an excessively great investment upswing, we must attentively follow the expected 1 to 2 year rate of starting investments.

Socialist Sector
Investments in Current Prices



Projects Rejected as Percentage
of Total Planned Projects



*Varhato--anticipated

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BETTER UTILIZATION OF FODDER MIXING FACILITIES URGED

Budapest FIGYELO in Hungarian 10 Dec 80 p 19

[Article by Peter Bonyhadi: "Fodder Blending as a Business Project"]

[Text] Even if it is difficult to do so, an explanation can be found for why hogs fattened in the villages should have to be transported to the cities, slaughtered there, then the meat transported back again [to the villages]. However, it is hardly possible to find an economically acceptable reason for transporting corn, intended for fodder, back and forth between harvest and feeding. In addition, one cannot even refer to any so-called monopolistic efforts here which might hinder the fodder-processing initiatives of the agricultural operations.

A Money-Intensive Activity

Of the 1,300 joint farms, 850 farms blend fodder. These blenders last year produced 2.6 million tons of grain blends and 30,000 tons of concentrate. (In comparision, I will note that in 1979 the TSZs [producer cooperatives] used 4 million tons of grain fodder, 37 percent of the country's grain feed consumption.)

The actual capacity of the fodder plants of cooperatives would be able to produce much more than they are producing now. The total capacity of the more than 1,200 pieces of fodder-blending equipment operating or existing on the cooperative farms exceeds 16 million tons annually. But the machinery is not being fully used. The modern equipment operates at 60 to 65 percent capacity, the older types only at 20 to 22 percent. It is true, however, that this latter figure is more or less justified by the fact that these veteran machines are generally no longer suitable for producing blends which require a high degree of homogeneity (since the various vitamins, concentrates, etc must be uniformly blended in with the fodder).

However, there are also financial reasons for operating the cooperative fodder blenders at half speed. Fodder production is an undertaking which requires revolving assets. Ten thousand tons of product ties down about 10 million forints of revolving capital. But since in very many operations the money runs out after the yearend financial obligations are fulfilled, all inventories dispensable at the moment are sold. The most suitable material for this is corn, the basic grain raw material produced for next year's feed.

The question occurs on the part of the operations: in such cases why cannot the present year's obligations be advanced from the following year's short-range revolving-capital credit budget, or be made possible by some other financial solution for the TSZs to rid themselves of this significant price loss caused by the compulsory transaction?

However, when this question comes up the farms fail to consider that the inventoried corn qualifies in this case as stockpiling. And nowhere is stockpiling financed by short-range revolving-capital credit repaid by sales income. Even less so because actually this loan form is a moneymaker loan which does not serve and cannot serve to solve economic operating problems associated with inventory growth.

This Eases the Problem

But economic operation involves many, and for the most part unpredictable problems. This can place the operation in forced situations. Even at such times, "pawning" fodder is only one, and not the only solution. Medium-range revolving-capital loans are available for fodder, to be repaid from profits, more precisely from the development fund formed from profits. It is true, however, that operations struggling with liquidity problems are not always able to do this.

This is so first of all because they have no, or hardly any, available development funds; and second, because the loan taken out for inventoried corn is determined on the basis of the product's narrowed-down cost of production. However, if the farm temporarily sells its next year's grain fodder, it receives a much higher selling price for it than the narrowed-down cost of production. It is also true, however, that on repurchase financed by the revolving-asset loan the grain fodder--corn in our case--will cost even more than this; but whether the farm can neutralize this loss or not depends on the farm itself, within the limits determined by its opportunities.

These problems, however, are expected, at least in part, to be eliminated by the new procedures for granting loans to go into effect as of 1981. To wit, the opportunity will be open for the TSZs--like state farms and enterprises--to finance their developments, and those decisions which qualify as developments, not only from their development funds formed from profits but also from amortization, where the opportunities permit this.

It is not worth arguing now about how useful it is to provide general incentives for decreasing inventories in agricultu where in practice next year's production depends on the inventories accumulated in the previous year; however, the financial problems of fodder production will to a large extent be eased by the fact that in addition to the development fund the amortization will also be permitted to be used for financial coverage of fodder stockpiling which proves to be an inventory increase.

The other reason for the poor degree of efficiency in the use of fodder blenders is that usually the blenders at the operations are oversized: one farm cannot fully utilize one, but one is not large enough to simultaneously serve more than one farm. Yet there are great opportunities in direct sales by the producer. For example, each year the household plot and auxiliary farm operations consume 5.5 million tons of grain fodder, and they buy 4.5 million tons of this. But the fodder plants of producer cooperatives directly supply barely 10 percent of this huge amount.

At the present time there are 5,345 fodder stores in this country, most of them under AFESZ [General Consumer and Marketing Cooperatives] signboards. Generally these fodder stores are set up to sell a product in the kilogram range. However, fodder is measured not in kilograms but in quintals. Therefore storage bins would be needed for the stores. But construction of modern silo-type storage bins would cost 120,000 to 160,000 forints for each store. And since not one but thousands of stores are involved, this road is not passable.

The Profit's Source

The obvious method of smooth supply of constant quality feed to small operations would be if they could buy it directly from the blenders of major agricultural operations. This at the same time would also eliminate the objection heard more and more often from the large operations that, for example, [the sale of] fodder or feeds, produced generally at cost, actually "pumps" some of the large operation's profits over to the small operations. By the purchase of fodder from the major operations at market prices this "danger" would be eliminated.

The precondition for everything would be to build up an economically functioning agricultural fodder-blending network. The emphasis is on network, on the more-or-less joint enterprise of farms grouped around each fodder plant. For example, a joint fodder-blending enterprise has been operating in Kondoros for 10 years. The fodder factory was built for 76 million forints by seven TSZs. The joint enterprise has already paid back 72 million forints of the starting capital. To wit, earlier when the blender was a joint undertaking, it paid back its entire net profit to the founding farms in the ratio of the investment capital and sales, and since it has been an enterprise, it has been paying back 40 percent of its net profit.

The profit's source is a 55-forint blending fee per quintal. The blending plant operates on this budget, considered very tight in the grain industry on the average, and insufficient in many cases. All costs connected with producting the product are paid from this, and if there is anything left over from the blending fee, that is profit.

In the Kondoros plant, 8 to 15 forints always remain from the 55 forint fee! Amont other things, this can be credited to the fact that compared to the 15-forint average of the grain industry, here only about 8 forints of labor cost is incurred per quintal of product. In contrast with 50 to 60 percent load on the semiautomatic production lines and fodder blenders on the national average, production runs on two shifts here. The fodder-blending enterprise established by the producer cooperatives produces 170 kinds of products, and they sell all of it, down to the last grain. It is important to mention this because while, for example, due to price increases and corresponding income declines, in the first half of this year the megye's grain processor in Bekes Megye, in the

Kondoros District was forced to produce 18,000 tons less fodder [than last year], at the same time the cooperative enterprise produced and sold 2,000 tons more than during the same time period last year.

"Built In" Quality Control

It is a recurring problem of blended feeds that something else is in the bag than what is on the outside of it, and thus it is no surprise that the animals are not fattening and developing with the feed as could be expected on the basis of the recipe. Often the reason for this is the inadequate quality of the corn used for base material. For example, a product called defective by trade terminology not only does not provide nourishment, but the animals may even get sick from it. In feed blenders operating as a joint enterprise, these problems attributable to the producers are practically automatically eliminated, since the member and partner farms actually buy back as blended feed the corn they themselves produced. Thus the agricultural operations themselves take care to a large extent of the fodder's quality.

In spite of successful undertakings similar to the one in Kondoros, further organizing work is needed to make fodder blending and sale universal at the level of agricultural operations, to provide the household plot farms with feed produced in the TSZs on a regular basis, and to create the basic conditions for efficient feeding. This is even more so because the farm and the interfarm feed blenders are struggling with tasks of modernization, problems of obtaining base materials, premixes and feed additives, and with fodder control problems.

This idea originated at the Bekescsaba TSZ association: an association or society with a small number of members should be organized by the producer cooperatives, to operate similarly to the other system-organizing centers, to fulfill these more-or-less service type needs. The modest amount of money needed to start it would be supplied in the beginning by financial contributions of the founding TSZs and from a loan, which later would be paid back by the price charged for the services.

8584
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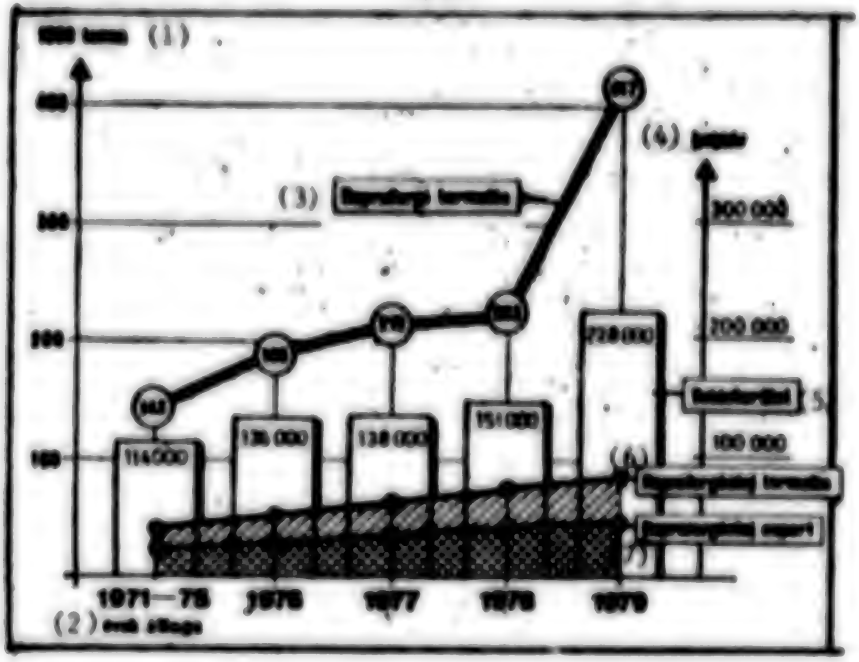
PROGRESS, PROFIT FROM SUNFLOWER CULTIVATION NOTED

Budapest FIGYELO in Hungarian 10 Dec 80 pp 1-2

[Article by D. Tamas Horvath: "Sunflower's Career"]

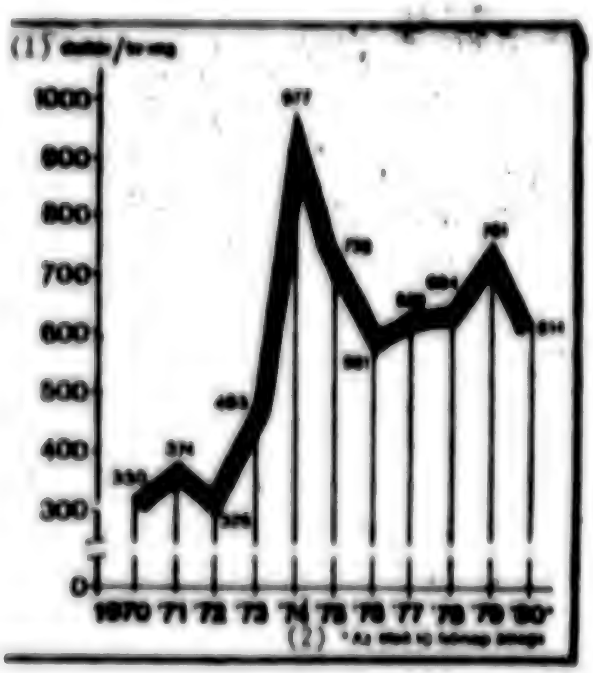
[Text] Figure 1. Development of domestic sunflower production, processing and export.



KEY:

(1) tons
(2) average of the years 1971 through 1975
(3) sunflower production
(4) hectares
(5) planting area
(6) sunflower oil production
(7) sunflower oil export

Figure 2. Development of the world market price of sunflower oil (Rotterdam, yearly average prices)



KEY:

(1) dollars per ton
(2) Average of the first 10 months (of 1980)

In the last few years, sunflower production has become one of the most profitable cultivation branches of our major agricultural operations. Due to the effect of this outstandingly high profitability, the planting area of sunflower doubled in the seventies, production amount tripled, and production yield per hectare increased from 11 to 12 quintals to 18 to 19 quintals. The Martfu Vegetable Oil Factory, the new sunflower processing plant of the Vegetable Oil Industrial and Laundry Supply Producing Enterprise was built in 3 years and turned over to production on 4 November 1980 to process the rapidly growing production. About 70 percent of the 2.2-billion-forint investment cost was financed by the export development loan budget of the Hungarian National Bank [MNB], the balance from their own resources.

Well-Based Growth

The capacity of the vegetable oil industry's sixth plant, the one in Martfu, is the same as the total capacity of the other five plants, and its gross fixed-asset value amounts to about 55 to 60 percent of the industrial branch's total gross fixed-asset value. This development is definitely export oriented since the per capita domestic average annual vegetable oil consumption is about 5 kilograms, with no rapid growth for it expected in the near future. Even in the past, more than half of our sunflower oil production was exported, and this ratio will further increase with the startup of the new plant.

Because processing capacity has doubled, it first was necessary to expand raw-material production and to create a raw-material supply for the Martfu plant. As can also be seen from the above graphs, agriculture has successfully solved this problem.

Raw material corresponding to the daily processing capacity of 100 railroad cars calculated in terms of equivalent sunflower quantitiy was available at the instant the new plant was placed in operation. And the proportion discrepancies between growing sunflower and processing it was resolved in recent years by changing the export structure. In 1976, vegetable oils had a 1.9-percent share of total agriculture and food industry exports, and oil bearing seeds had 0.8 percent; in 1979, the ratio of seed exports increased to 2.9 percent, while that of oil exports to only 2.2 percent. After the new plant's startup this ratio will significantly change again: seed exports will decrease and oil exports will grow rapidly.

High Profitability

The fact that agriculture successfully solved the task of creating the raw-material basis can be credited primarily to the sunflower's extremely good profitability. In large-scale sunflower production there were 57.6 forints of income per 100 forints of gross fixed-asset value in 1979, and 65.5 forints per 100 forints of production cost, according to data supplied by MEM-STAGEK [Ministry of Agriculture and Food Industry, Statistical and Economic Analysis Center]. This means that the large agricultural operations achieved their most favorable asset efficiency and profitability indices in this branch.

In the last 5 years, sunflower progressed from being a peripheral plant to being an important element of plant rotation. At the present time, sunflower is being produced on almost 6 percent of the country's plowlands. In late autumn, the sunflower-producing farms receive big income in one sum from the selling price of 950 forints per quintal. Therefore, sunflower has also become a significant factor from the viewpoint of the financial situation of these major operations.

Certain agrotechnical characteristics of sunflower production have also contributed to the rapid growth of production and to its high profitability. The introduction of high-yield-capacity Yugoslav and French hybrids in the mid-seventies replacing the types used until then, also played a significant role in the 50-percent yield increase. These are grown today on about 70 percent of the sunflower-growing acreage. The fact that--due to high profitability--sunflower was planted in better-producing fields has also accelerated the growth of yields. As a result of these changes, achievement of an average yield of 20 quintals per hectare by 1985, which is one of MEM's plans, appears to be a realistic goal.

In addition to the incentive wholesale purchase price, the high profitability can also be attributed to sunflower production's low direct fixe -asset needs. Ference Koji writes the following in his article published in FIGYELO No 43, 1980: "The directly accounted value of assets in sunflower production does not even reach 6 percent of the value of all fixed assets." Thus in sunflower production part of the reason for its outstandingly high income in proportion to the assets used is that the machinery and fixed assets of grain production are used to produce it, and therefore the value of special fixed assets which can be used only here and which are charged directly to sunflower production is low.

Shorter Distance for Transportation

Sunflower is the most important raw material processed by the vegetable oil industry, amounting to about 80 percent of all raw materials processed. Rape, soya and oil flax are among the vegetable oil industry's less significant domestic raw materials.

In connection with the major investment in Martfu, capable of processing 350,000 tons of raw materials per year, which in itself doubles the domestic vegetable oil processing industry's [sic] capacity, the question occurs: In which branches of the food industry, and where in Hungary is it worth creating such huge capacities? This question is even more legitimate because some of the meat industry's investments of the Fifth Five-Year Plan's time period are processing plants of such large capacity, which in a unique way were located in the country's insignificant meat-producting areas, and practically in the consumer districts. Because of this large numbern of live animals have to be transported over long distances, mainly from districts of the Alfold [Major Lowlands] to Northern Hungary and to Transdanubia, some through the capital city. And often the efficiency improvement deriving from good utilization of the larger capacities is lost, or becomes a loss due to the large transportation costs and to the losses during transit.

In contrast with this, we can report on a successful location in the case of the Martfu Vegetable Oil Plant. Martfu is located in the middle of the Alfold, 20 kilometers south of Szolnok. Of the five older vegetable oil plants three are in Budapest, one is in Gyor and one is in Nyirbator. At the same time, in 1979 some 56 percent of the total domestic sunflower production was grown on the Major Lowlands, 30 percent in Transdanubia, and 14 percent in Northern Hungary. Thus when the geographic decision was made, the decisive factor was proximity of the raw-material-producing region, and not of the consumer center. With the new plant startup, the transportation distances are shortened, as in general the major producers will find a processing plant within a 100 kilometer radius circle. Even though the transportation distance is not too short even so and the cost of transportation is not neglibigle, yet it is significantly less than before.

Byproducts Are Utilized

It is also one of the not insignificant advantages of the new Martfu plant that--differently from domestic practice--the byproducts generated during the course of processing are practically completely used in some way. When a unit amount of sunflower seed is pressed it yields 48 to 49 percent oil. The remainder is 43 to 44 percent coarse oil industrial meal, and 7 to 8 percent sunflower shells. The meal is used for making good-quality protein fodder which is indispensable for feeding our livestock. The Martfu plant thus contributes to improving the foreign trade balance also indirectly, by producing about 100,000 tons of vegetable protein fodder--which until now was available for the most part only from imports--necessary to feed our increasing livestock inventory. At the same time the quality of industrial oil meals is also improving because until now only 30 percent of them were first class, but with the startup of the Martfu plant this ratio reaches 80 percent in nationwide respects.

The other byproduct, sunflower shells, is burned and this provides all the energy needed to process sunflowers. The plant's furnaces are of dual design, they can be fired with sunflower shells or with heating oil. (This was necessary because not enough combustible byproducts are generated by the other raw materials--rape, soya, and oil flax.)

To mix some bad with the good, insufficient storage capacity does cause some problems. Sunflower seeds need to be stored in covered bins; they cannot be stored in the open or under plastic sheeting like corn. The Martfu plant operates continuously during the whole year, thus from September to November collection peaks rather than production peaks can be expected. The plant's storage bins hold enough raw material for 15 days. Even though the vegetable oil industry has also contributed a sum released from its development budget to build storage facilities at the production system centers (KITE [Corn and Industrial Crop Growing Cooperation]-Nadudvar, KSZE [Socialist Cooperation in Corn Production]-Szekszard, GITR--]expansion possibly Gabona Ipari Termelesi Rendszer = Grain Industry Production System]-Szolnok), even so the major agricultural operations store 40 to 50 percent of the raw material to be processed, for warehousing fees received from the industry. There is no problem in the processing plant with storing the oil produced from the raw material, but the same thing cannot be said about the almost same volume of meal. Twenty percent of this is sold directly to the Babolna Agricultural Combine, the other 80 percent is sold through the brokering of the Grain Trust.

Increasing Export Incomes

After the Martfu plant's startup, in 1981 domestic sunflower-oil production will reach 160,000 to 180,000 tons. Only about one-fourth of this amount will be consumed in this country, the rest will be exported. The good quality Hungarian sunflower oil is a profitable export item. At the present time, the vegetable oil industry handles its export through AGRIMPEX [Agricultural Foreign Trade Enterprise]. Independent export rights have already been offered this year to the Vegetable Oil Industrial and Laundry Products Manufacturing Enterprise, but the enterprise--due primarily to its unpreparedness--has for the time being not taken advantage of this opportunity. Of course, this does not mean that they have permanently turned it down.

The decision for the Martfu investment was made in the mid-seventies, at the time of the sunflower boom. Apart from some minor fluctuations, the world market price has remained stable ever since. This spring this price stability was broken by a relatively rapid price decline, in April the Rotterdam price fell to $550 per ton. This caused more than a little uneasiness in Hungary also, because--even though the profitability of sunflower oil export was more favorable than average even at this world market price--further price declines would have endangered the export's profitability.

Since this spring, the world market price has risen again: in the autumn months it fluctuated between $630 and $640 per ton. According to international estimates, the present world supply of 5.5 million tons of sunflower oil just barely exceeds the demand, thus further price increases also cannot be ruled out.

And if the business situation changes--as is also in the plans of the Ministry of Agriculture and Food Industry, and of the Ministry of Foreign Trade--the export's profitability can also be improved by flexibly changing the ratio of sunflower oil export to sunflower seed export, depending on world market prices.

8584
CSO: 2500

MEASURES FOR PROMOTING ENERGY CONSERVATION DESCRIBED

Budapest PENZUGYI KOZLONY in Hungarian No 21, 17 Dec 80 pp 389-391

[Notice No 22018/1980 of the National Energy Management Authority on Investment Projects Resulting in Energy Savings]

[Text] One of the major tasks of the Sixth Five-Year Plan period is the implementation of the energy management program approved by the Council of Ministers. Energy-saving projects aimed at modernization of existing plants and installations, switching to the use of other energy sources, introduction of energy-efficient technologies and the utilization of heretofore unused energy sources represent an important part of this program.

Enterprises and institutions may receive preferential treatment when their investments result in energy savings. This may take the following forms:

--preferential bank loans in accordance with credit policy guidelines;
--state contribution of funds;
--state support in the form of a state loan;
--direct state support (contribution) and preferential loans;
--direct state support.

Another form of preferential treatment is the exemption, granted to the investor engaged in an energy-saving development project, (based on a specific application), from the requirement of deducting the residual value of fixed assets made redundant as a result of the investment project from the net results of the enterprise.

Investments resulting in direct energy savings and/or replacement may not receive state support unless the H indicator of investment efficiency exceeds 1.5 (simplified, i.e., not based on projected values).

The formula for calculating this indicator is:

$$H = \frac{\sum_{i=1}^{15} \left[Q \cdot Ft \pm \Delta K_i \right] \cdot 0{,}89^i}{\sum_{i=1}^{15} E_{fi} \cdot 0{,}89^i} \geq 1{,}5$$

where:

i = years ranging from 1 to 15 (i-1: is the year when the investment project is started)

Q_i = quantity of basic energy source saved in the i-th year (GI)

Ft = enterprise purchase price of the base energy source or quantity of heat saved, at the time of the application

ΔK_i = Change in operating costs in the i-th year relative to costs before the project, resulting from the energy rationalization investment (excluding variations in the purchase cost of basic energy sources and pure income factors--depreciation, interest, etc)

E_{fi} = the development cost of the energy rationalization investment in the i-th year.

In the case of a switch of energy sources, the term (Q_ixFt) of the numerator is automatically replaced by the cost differential ($Q_{ai}xFt_a$ - $Q_{bi}xFt_b$) where:

$Q_{ai}xFt_a$ = value of the basic energy source of quantity of heat being replaced in the i-th year;

$Q_{bi}xFt_b$ = value of the base energy source or quantity of heat introduced in the i-th year.

Economic evaluation and prioritization of applications will be carried out by the National Energy Management Authority (hereinafter: OEGH) and the banks on the basis of projected world market prices and exchange rates relying on a system of indicators designed to measure efficiency on the enterprise and national level. Applicants may receive information regarding initial data and the results of calculations from the appropriate authorities.

1. Enterprises and cooperatives may receive direct state support up to 30 percent of investment costs for investment projects resulting in direct energy savings and/or switching to the use of other energy sources to conserve more valuable forms of energy, provided that such projects:

--result in energy savings or replacement of energy sources, including also the suitable use of heretofore unused energy sources (e.g., geothermal, waste energy, utilization of scrap materials). Additional funds necessary to complete such investment projects may come from the enterprise development fund or preferential investment credit provided for this specific purpose;

--state loans representing up to 100 percent of investment cost may be awarded to cover the cost of investments resulting in saving or replacement of coke, gasoline, diesel oil or fuel oil.

Organizations supported by the state budget will receive direct state support (contribution) to cover the full cost of the investments listed above.

The above support applies only to investments (or to that portion of projected development costs) where energy savings (direct energy cost reductions) account for at least 85 percent of the return on investment. Other energy rationalization investments may receive preferential investment credits.

2. Preferential investment credit or, under appropriate conditions, state fund awards may be given to support investments resulting in energy savings, the production of the means necessary for a more advantageous energy structure, the modernization or expansion of construction capacities (the so-called industrial infrastructure of energy rationalization investments), the production, increased capacity or modernization of the production of energy-efficient machinery, provided that the profitability of such production is adequate.

3. Based on specific evaluation by the Energy Rationalization State Support Committee, other types of preferences may be given to energy-saving investment targets with costs exceeding 300 million forints and development of production capacities in the area of mass-produced energy-related equipment, machinery, instruments and components with a substantial effect on consumption levels. This category includes development projects resulting in energy savings where the savings and the associated results do not show up at the investing party as a result of current price and income regulations (e.g., production of insulation materials).

The investor must hand in the application (Appendix 1) and the request for state support (state loan, direct state support in accordance with the foregoing list), investment credits or state fund awards both to the OEGH (Budapest V, Marko utca 16, 1055) and the appropriate bank. All applications must be in triplicate. Requests for investment credits must be sent to the local area branch of the MNB [Hungarian National Bank]. Applications for state support, state loans and state fund awards must be sent to the mining and energy industry department of AFB [State Development Bank] (Budapest V, Deak Ferenc utca 5, 1052). The OEGH will forward its recommendations regarding applications and requests to the appropriate bank.

Applications must conform to the provisions of the joint MNB-AFB communique No 402/1978 (PENZUGYI KOZLONY No 7). Applications with projected cost not exceeding 20 million forints may be simplified in accordance with Appendix 3 of the communique.

The provisions of Decrees No 43/1979 (Nov 1) PM and 45/1979 (1 Nov) PM-OT must be taken into consideration (added or substituted) in case of applications requesting state loans.

The investor will be informed of the substantive position of the bank authorized to provide preferential financial arrangements on the basis of an accelerated procedure, provided that all applications and requests conform to rules and contain data suitable for careful evaluation. The OEGH and the banks may request additional data and information and withhold judgment until receiving the same in cases where applications are defective or the data provided contains errors.

The investors may consult with authorities charged with the task of evaluating requests, with the State Inspectorate of Energy and Energy Safety Technology (hereinafter: Energy Inspectorate, Budapest I, Attila ut 99,1012) and enterprises involved as designers or main contractors of energy rationalization projects (Appendix 2) prior to submitting their applications.

Requests may be submitted at any time and will be evaluated in the order in which they are submitted.

This notice was prepared pursuant to a joint position paper by the National Planning Office, the Ministry of Heavy Industry, the Ministry of Finance, the National Technical Development Committee, the Hungarian National Bank and the State Development Bank. Its publication supersedes the call for applications published in No 18, 1978 of NEHEZIPARY ERTESITO and in the official bulletins of other ministries concerning state support for certain energy management (energy rationalization) investment projects which are no longer valid.

(22018/1980)
National Energy Management Authority

9164
CSO: 2500

BUDGET FINANCED BY INDUSTRIAL PRODUCTION, NOT TAXES

Bucharest ROMANIA LIBERA in Romanian 10 Jan 81 pp 1, 3

[Article by Corneliu Antim: "Budgetary Equilibrium, a Criterion for Economic Stability"]

[Excerpts] Our budget for 1981 aims at consolidating an economic democracy based on the work of all sons of the country, without the manifestation of the phenomenon of unemployment--which is undoubtedly the most dramatic social factor since it results in an economic crisis.

We would be naive to believe that even a planned economy of the socialist type, during a generalized world crisis and in the situation of the existence of an interdependence of economic potentials in accordance with the international division of labor and production, would be able to situate itself apart from the shock wave generated by the explosive crisis in the capitalist economic system. Of course, this is not possible and the theoretical data of such an assertion were clarified long ago. But we know that it is possible that the effects of such a crisis can be lessened considerably within the socialist economic system thanks to more homogenous management systems, a more unitary plan of action and, of course, a more consistent and more firm comprehensive outlook. The essence of the uniform plan for development for 1981 and the state budget, in which this plan is reflected, lies in the full utilization of the creative capacity of the entire human work potential, something which no other plan and no other budget in the world--except for those in the socialist countries--can state. This incontestable support of power and stability, coupled with an expansion of the qualitative training of the labor force which was begun 3-4 years ago, enables us to maintain one of the highest rates of growth for industrial production in the world--8.1 percent net production by volume--despite the spectacular drops registered in this area by the majority of the countries in the world. None of the other socialist countries are showing very evident growth trends, although the positive curve of the dynamics of industrial production (and, in some countries, agricultural production) is being kept at rather high levels: Bulgaria: 5.6 percent; the GDR: 5 percent; Czechoslovakia: 2.9 percent; Hungary 3-3.5 percent, etc.

The meaning of our orientation toward a steady development of industrial production is emphasized by the fact that about 70 percent of the budgetary income for the current year is expected to come from this area--the monetary accumulation of socialist economic units, with the industrial units preponderant. The contribution of the population to the budgetary revenues--by financial taxes of fees--represents only 1 percent of the total revenue while socio-cultural expenditures financed by the state amount to 75.7 billion lei, that is, more than one-fourth of the budgetary expenditures for this year. A remarkable aspect of the structuring of the current state budget, which confers on it a distinctive character among the budgets of the other socialist countries is the growth of the role of self-financing in the achievement of expanded reproduction. In this sense, no one can fail to see that the sources of financing for the development of production capacities and capital investments are "balanced" by the activation of levers of incentive for potential titulars. For development, the state allocates 54 percent of the volume of expenditures and only 44 percent of the volume of investments. The rest of the money has to be produced from the funds of the economic units and by the bank credit system. The firmness with which we have acted both in planning, and especially, in the budgetary allocation of financial resources to these chapters (and let us not limit ourself solely to this example) show the realism of the methodology of ensuring the economic equilibrium of the country by evaluating as exactly as possible the resources and reserves existing at a given moment. This is, of course, only one aspect of the aggregate of measures which have as their goal the assuring of a general equlibrium of the budgetary account and the most certain economic stability. For this reason, this year's national budget is presented as balanced both in expenditures and in revenues, even if the criteria which have served as its basis emphasize the promotion of a strict system of economizing in all fields of economic and social life and management of all material and financial resources of the country with maximum efficiency.

In close connection with these measures, the important decisions adopted recently in connection with the updating and correlation of prices for production and delivery of products to socialist units are worth mentioning. These decisions will expand the level of involvement of the producing units in the social and economic progress of the country, in the realistic dimensioning of material and human efforts and means, intended to effectively implement the development programs which we have set for the near future. Self-administration and self-financing do not rule out participation in decisionmaking. In these channels of the management of the economic destinies of the country, workers' democracy finds a complex and an especially fertile area in which to asset itself. In coming years, the Romanian experience can become an example of firmness and realism of decisions at a moment, which was by no means clear and by no means easy, in the political and economic evolution of the planet.

Many countries are allocating about 47 percent of their gross national product for armaments. Under these conditions, reflecting our constructive options and the legitimate desire for peace and progress, Romania is allocating 10.4 billion lei for the defense of the country, a sum which is less than the 1976 figure and almost equal to what was spent in 1980, a year in which reductions of more than 2 billion lei were made in the funds intended for military expenditures and used for economic and socio-cultural proposes. This courageous act is not regarded as a sign of a weakening of the defense capability of the country, but, rather, it represents an argument in favor of stopping the useless, exaggerated race of military expenditures which accentuates, as a rule, the state of tension, insecurity, poverty and imbalance in the economic and social life of the respective countries.

CSO: 2700

STATISTICS REFLECT HIGHER STANDARD OF LIVING

Bucharest REVISTA ECONOMICA in Romanian No 52, 26 Dec 80 pp 6-7

[Article by Costinel Lazar]

[Text] The achievements obtained in Romania's social-economic development are the product of activity full of the devotion of all workers, regardless of their nationality, the product of their revolutionary enthusiasm and of the masses' creative capacity. Everything achieved through the work and skill of the people is intended to continually raise their material and spiritual well-being, to achieve a socialist civilization and multilateral flourishing of the human personality and, thus, is intended for man and his well-being and dignity. This is the supreme goal of the party's policy and the essence of our socialist society.

In the concept and practice of our party, the continued growth in the workers' material and spiritual well-being and the rise in the quality of life are a direct result of strict fulfillment of the plans and programs for economic growth and development. The Romanian realities forcefully confirm the wisdom and clearsightedness of the party's policy and the depth of the humanist nature of its concept and activity in raising the people's standard of living.

After the 9th party congress, implementing the innovative ideas and the revolutionary and scientific concept penetrated by a profound patriotism, the ideas of Comrade Nicolae Ceausescu, measures and special programs were worked out to raise the standard of living of all categories of workers. These were and are linked directly with the accelerated development of material production, the intense road toward modernization and high efficiency in all branches of production activity, with the great efforts made to place all sectors of the national economy on the bases of modern science and technology and with the consistent policy of accumulation and investments. Combined in a unified and harmonious whole in the documents of our party, particularly in the last 12 years, are the aspects which embrace social-economic life and the programs of economic development growth combined with the social ones, on profoundly scientiffic bases, prefiguring bold, but profoundly realisticgoals in full agreement with the possibilities for going through new stages of well-being and civilization for the Romanian people.

In this regard it is graphic that the most substantial rise in the population's incomes during the entire history of the country's socialist construction was achieved in 1976-1980, as evaluated by the 16-17 December 1980 RCP Central Committee Plenum and as pointed out in the Grand National Assembly Decision on the Report of the Government of the Socialist Republic of Romania on conclusion of the action to increase salaries, pensions, state allocations for children and other of the population's incomes in the 1976-1980 five-year plan. Such a rise was possible precisely due to the fact that these years were particularly fruitful ones for economic growth and development and to results of production activity, particularly qualitative results.

The goals for sustained growth of the national economy, assertion of the scientific-technical revolution in all areas, the move to a new quality in all the areas established by the 12th party congress for the 1981-1985 five-year plan have permitted substantiation of new measures for the continued rise in all the people's well-being, with the congress adopting "The Program Directive for rise in the standard of living in the 1981-1985 period and for continued rise in the quality of life," a document bearing the imprint of creative thought and action, of special concern penetrated by the high responsibility and profound humanism of the party's secretary general with the workers' prosperity and happiness.

The figures in Table 1 show us clearly the evolution of nominal net salary and real salary in the two stages of increase which took place in the 1976-1980 period compared with 1975. All the more than 7.3 million worker personnel benefitted from the rise in salaries. The increases considerably exceed the ones forecast in the Draft Directives of the 12th Party Congress. Due to the rise in average salary of more than 40 percent and general retention of the planned indicator for prices and tariffs--that is 109.1 per hundred--it was provided that the rise in salary should be carried out in nearly a 29-percent rise in real salary (compared with the initially forecast rise of around 20 percent). The calculations show that the amounts representing the average rise in salary and the real average salaries at the 1980 level are around double that of the entire average annual salary achieved per person in 1950.

Rise in Salaries in the 1976-1980 Five-Year Plan

Table 1

		Stage I(1978)		Stage II (1980)		Average salary
	Achieved in 1975	5-year plan forecasts	Achieved	5-year plan forecasts	Achieved	increase at 1980 level
Average nominal net salary						
In lei	1,595	1,924	2,011	2,065	2,256	—
Increase in lei	--	329	416	470	661	7,932
Increase in %	100	120.6	126.1	129.5	141.4	—
Real salary						
In lei	1,595	1,841	1,937	1,968	2,000*	--
Increase in lei	--	246	342	353	495	5,940
Increase in %	100	115.4	121.4	122.0	131.0	—

* Calculated on the basis of indicator of prices. Source of figures: REVISTA ECONOMICA, No 48, 1980.

Absolutely all categories of workers, regardless of branch or area of activity, enjoyed the rise in incomes from work, which represent the greatest share of the population's total incomes (see Table 2). At the same time it also should be noted that the salary increases were differentiated for the purpose of providing incentives for worker personnel participating directly in producing material goods and for a better stimulation to activity in the material production branches, depending on the complexity, place and importance for the multilateral progress of Romanian socialist society. Thus, they were at the level of 34.1 percent for workers and

27.8 percent for technical, economic, administrative personnel and personnel of other specialties; by branches, for example, the increase in salaries in the mining industry was an average of 38.2 percent, in the metallurgical industry it was 36 percent, it was 35.8 percent in assembly-construction, while it was around 28 percent in the state administrative units.

Table 2: Rise in Population's Incomes

	1950	1965	1980	1980/1950
Incomes from salary of worker personnel for work (billions of lei)	10.1	57.2	211.6	21 times
Average net salary for worker personnel (lei per month)	337	1,028	2,256	6.7 times
Minimum salary (lei per month)	161	613	1,425	8.8 times
Real salary-- total personal (%)	100	225.6	22.8	4.2 times
Net nominal incomes for peasants obtained by work in agricultural production cooperatives and on personal plots--per active person (lei per month)	167	495	1,200	7.7 times
Incomes obtained by population from social consumption capital:				
Total (billions of lei)	3.5	22.9	82.2	23 times
Average per capita(lei per year)	215	1,204	3,666	17 times

(Rise calculated in comparable prices)

As a result of the increase in salaries, the configuration for grouping of worker personnel, by groups of salaries, has changed radically. Whereas prior to the move to the new stage of salary increase--that is, March 1977--a share of around 36 percent of total worker personnel was obtaining up to 1,500 lei per month salary and 23 percent of this personnel was receiving monthly salaries of more than 2,000 lei, in March 1981, when the salary increase for this five-year plan will be reflected in its entirety, the share mentioned will be 4 percent and 70 percent, respectively. Compared with less than one-fourth 4 years ago, now nearly three-fourths of the worker personnel is obtaining salaries of more than 2,000. This is a considerable leap, also reflecting the progress of our economy, successes in the plan for increasing well-being as well as the demand for firm commitment of worker personnel to answer as well as possible the demands of Romanian economic development in the current stage.

Just as generous were the measures which raised incomes from work for the peasants, too. Their real incomes saw a considerable growth due to the rise in agricultural production and rise in delivery prices for certain agricultural products. Calculated per active person, the incomes obtained by the peasantry--from work in the agricultural production cooperatives and on personal plots--are around 29 percent greater in 1980 than in 1975 compared with the initial forecast for around a 20-percent increase), being at the maximum level for forecasts of the five-year plan. At the same time, it should be noted that, due to the 1978 increase in guaranteed net income for cooperative member peasants of 12.7-16.3 percent, this reached 1,500 lei per month for the cooperative members working in zootechnics and in permanent irrigation formations and 1,200 lei for cooperative members working in vegetable growing, cattle-raising and fruit-tree growing.

The increase in the direct incomes of all workers has had as a result a substantial rise in total average annual incomes per family. The calculations show that they rose from 38,000 lei in 1975 to nearly 53,000 in 1980. An important influence on the increase in incomes and in general on the rise in the population's standard of living is exercised by social salary which, as shown by the figures in Table 1, in total volume for the economy rose from 3.5 billion lei in 1950 to 82.2 billion lei in 1980, that is, 23 times on the average per capita. Our socialist society by this path provides that certain general needs are covered in a unified way, with these expenses being made specific in a broad range of destinations: pensions, aid, scholarship, state allocations for children, capital for education, health protection, culture, art, physical education and sports and so forth. On this basis our country is in a leading spot among the countries of the world in indicators with broad social significance--standard of living and quality of life--such as the ones referring to education, general instruction, culture, health, average length of life and so forth.

In this framework we should mention the concern with raising state social security pensions. In varying percentages they have increased between 8-40 percent compared with the level of pensions; average pension for work done and age limit with total seniority rose from 1,067 lei per month in 1975 to 1,345 lei in 1980. The total pension fund for state social security in 1980 is 18.8 billion lei compared with 13.8 billion in 1975. Pensions for agricultural production cooperative members increased 20 percent, with around 1.6 billion lei being intended for this purpose. It also should be stressed that for the first time in the country's history a pension system was started in 1976-1980 for peasants with individual plots in the noncooperativized zones. Currently, all categories of workers are included in a system of social security and pensions. State allocations for children in the five-year plan ending in a few days rose 25.5 percent, with 4.5 billion children currently enjoying this allocation and with total funds for this purpose rising to more than 10.6 billion lei at the 1980 level, which is a 43-percent increase compared with 1975.

Total incomes of the population following the salary increases, pensions, state allocations for children and other incomes at the 1980 level total nearly 110 billion lei more than in 1975. Exemplary respect for the terms as well as amounts established by the program adopted by the party leadership for raising the incomes for all categories of workers under conditions where our economy has been confronted with the difficulties created by natural factors as well as the situation on the world market, significantly shows the powerful and healthy development of the Romanian economy and proves the great capacity the party has to mobilize all the country's potential in the people's interest.

A picture of the historic, far-reaching achievements with profound implications for the general well-being of the workers would be totally incomplete if we were not to add other aspects to the ones stressed until now. Housing construction took on particular scope, particularly in the 1971-1980 ten-year period. Whereas 370,500 apartments were built in 1951-1965 from state capital, in 1966-1980 the number was 1,614,000. In the 1976-1980 five-year plan, 780,000 apartments, around 250,000 places in dormitories for singles, more than 240,000 places in day-care centers, nursery schools, boarding schools and dormitories for students were built from state capital. Calculations show that around 70 percent of the total population of Romania currently is living in homes built in the last 15 years.

The increase in the population's incomes and their increased purchasing power has corresponded to the continued development and rapid diversification of consumer goods, food and nonfood products and services, a process reflected in the rise of indicators for retail sales of goods and for indicators for population consumption. In 1976-1980 sales of goods and the indicators for consumption recorded considerable increases. Thus, the total volume of sales of goods through socialist trade rose more than 50 percent compared with the 1975 level, with the total of the volume of goods amounting to 916.5 billion lei for the entire five-year plan (exceeding the plan by 5.6 billion lei). An average volume of purchases of more than 30,000 lei currently is the figure per family compared with around 20,000 lei in 1975. The increases are particularly high for the main food and nonfood products as well as consumer goods. Also, services provided to the population rose nearly 60 percent.

It also should be emphasized in particular that, as the RCP Central Committee's Political Executive Committee decided and as the law adopted by the Grand National Assembly on bringing up to date and improving the correlation of production and delivery prices on economic principles , these changes in 1981 will not affect the retail sales prices or tariffs for services, with the particular effects to be supported from the state budget. This is but a new and eloquent expression of the concern of the party's leadership's concern with raising the population's real incomes and the overall standard of living. The rise in the retail prices for goods and tariffs for services provided to the population within the planned indicator of 6-8 percent by 1985 gradually will act during the five-year plan in close correlation with the provisions for increasing real salaries.

The recent RCP Central Committee plenum discussed and approved the program for supplying the population in the fourth quarter of 1980 and first half of 1981,compiled on the basis of the guidelines of Comrade Nicolae Ceausescu, a program which contains measures and tasks to provide appropriate supply with food goods and industrial consumer goods. Besides the supplements above the plan for the market capital of more than 11 billion lei, approved by the October 1980 plenum, deliveries have been increased by new quantities. The Grand National Assembly heard the Report of the Government of the Socialist Republic of Romania on supplying the population in the fourth quarter of 1980 and the first half of 1980, also adopting a decision in this connection--a decision by which this program for supplying the population is approved and tasks of the state organs are established to carry them out. These are but new expressions of the attention with which practical achievement of a high consumption which the population is enjoying is being sought.

The five-year plan we will be entering in a few days is a new and important stage for the progress of the country's economy. Thus the base is created for new and rich achievements in the area of well-being for all workers in our country, for increasing the quality of life and flourishing of the human personality—the supreme goal of all our party's policy.

8071
CSO: 2700

QUALITATIVE CHANGES IN FOOD CONSUMPTION VIEWED

Bucharest REVISTA ECONOMICA in Romanian No 52, 26 Dec 80 pp 8-9, 31

[Article by Grigore Vilceanu of the Institute of Socialist Economics]

[Text] For each resident of our country the last days of 1980, marking the conclusion of the current five-year plan, also are the occasion for a retrospective analysis of what has been achieved, of the efforts made, of the road we still have to travel to build the multilaterally developed socialist society and direct the country toward communism. We believe that such an analysis appropriately also should be undertaken in the area of the social finality of the development efforts of the country's economy and in the area of raising the population's standard of living, where, particularly in the 1976-1980 five-year plan, some of the most remarkable successes were obtained.

Of the multitude of aspects characterizing the population's standard of living we propose to dwell in the following on food consumption, one of the most significant elements. From the start one may show that the measures taken to develop agricultural production and the food industry and to increase the incomes of all categories of workers have led to a large increase in the consumption of the main food products per capita.

An analysis of the evolution of food consumption shows that primarily it has proven to be directly affected by the development of the production forces in general and the level of agricultural production and the agricultural food industry in particular--sectors contributing directly to providing the stock of products needed to cover this category of need. An increase in the importance which the processed products of this branch have in satisfying food needs is taking place according to the development and diversification of the food industry, parallel with amplification of the urbanization process and increase in the population's incomes. Another particularly important factor in the evolution of food consumption is the level and structure of the population's incomes,a factor whose influence grows according to amplification of the urbanization process and rise in the share of the population employed in nonagricultural branches.

Knowledge of the requirements for a rational food consumption and direction of the action of all factors in the direction of providing this should be a basic concern of the scientific and decision-making factors. In connection with the need for achieving a rational consumption, determined scientifically for the population of our country, Comrade Nicolae Ceausescu emphasized: "This means we also should keep in mind the characteristics and specific nature of our people, of the traditions established in our country as well as what is produced in our country, guiding consumption in relationship to the possibilities of the Romanian economy. When I pose the problem of a rational, scientifically determined consumption, I have in mind the need to satisfy the workers' requirements in proportion to their efforts and to the work they put forth, excluding waste and leading a decisive struggle against consumption for its own sake."

In the years of socialist construction, particularly the last 15 years, average per capita consumption for the main groups of food products in Romania has recorded large increases, expressing that the needs for food consumption are being satisfied better and better. This has been possible as a result of the better and better conditions created for supplying the population with food products, by raising agricultural production, by developing and diversifying the network of commercial units which sell the food products as well as as a result of the permanent rise in the population's incomes. Referring to the development of agricultural production, we mention that per capita production for the basic products intended for food consumption by the population--both directly as well as following industrial processing--has recorded substantial increases. In the 1950-1978 period the per capita production rose 2.75 times for grains, 2.8 times for sunflower, 7.5 times for sugar beet, 2.1 times for potatoes, 2.8 times for meat, 1.8 times for milk and 4.5 times for eggs. On this basis the industrial production of food goods rose. In the same period the per capita particular production--expressed in natural units--rose 4.3 times for meat, 17.5 times for milk, 6 times for cheeses, 8 times for edible oils, 5 times for sugar. Naturally, as a result of the increase in the production of food goods, there was a permanent rise in the deliveries of products to the market stock, particularly after 1965, providing a quantitative, qualitative and structure improvement in the supply.

During this entire period the increase in agricultural production was both direct, in self-consumption, as well as through the deliveries to the market fund, one of the decisive factors in raising and permanently improving the population's food consumption. On this basis an analysis of the figures for evolution of annual consumption of food goods on the average per capita, as is seen in Table 1, shows that they rose for all products without exception.

Table 1: Evolution of Average Annual Per Capita Consumption for the Main Groups of Food Products

Main groups of food products	1950	1965	1970	1975	1980
Meat and meat products--kg	16.7	26.6	31.2	45.7	62
Milk and milk products(except butter)—liters	107.6	105	111	133	200
Eggs	59	115	142	214	270
Total fats--kg	5.35	11.8	14.1	17.0	19.0
Sugar and sugar products--kg	6.9	15	19.3	20.3	30
Vegetables and vegetable products—kg	65.6	75.3	86.7	112.6	160
Fruit and fruit products--kg	20.7	26.7	34.6	42.6	63
Grains in flour equivalent	130.5	208.0	196.0	189.3	187

Around 1950 the population's food consumption in our country was at a very low level, a situation due to the level of consumption inherited from the prewar period and aggravated by the consequences of World War II as well as the unfavorable consequences of the draught on agricultural production. Proceeding from this very low level of food consumption, the 1950-1965 period appears as a period of growth in food consumption

(1.5-2 times), also as a result of the various measures taken by the state with a view to providing the basic conditions for raising the standard of living for all categories of the population,a period in which the 1938 level of food consumption was exceeded and in which daily consumption was approximately 2,800 calories and more than 85 grams of protein.

In the next 15-year period (1965-1980), in which the big agricultural production continually developed and became stronger and in which the rise in production of the food industry became more and more striking within the country's industrialization process, the evolution of per capita food consumption was characterized by a continuous and substantial growth for all categories of food. Thus, meat consumption rose 2.33 times, milk, 1.9 times, egg—2.34 times, sugar consumption doubled, vegetable consumption and fish consumption doubled, fruit consumption rose nearly 2.4 times and so forth. We note that this period is characterized by the demonstration of other positive trends in food consumption, that is, gradual reduction in grain consumption and relatively constant maintenance of potato consumption, trends which are demonstrated as superior phases in the evolution of food consumption, representing transition elements from the phase of quantitative accumulations to the phase of changes in quality.

The fastest growth in consumption of food goods was recorded, however, in the five-year plan we are concluding (1976-1980) as a result of the measures taken for practical implementation of the program to raise the standard of living, a program which provides the correlation between the massive increase in the population's incomes and the emphatic growth in the production of consumer goods with a view to creating the fund of goods needed to satisfy the consumer needs in greater and greater proportions. Thus, the increases recorded in consumption of meat, eggs, vegetables and fruit alone in 1980 compared with 1975 equal the entire consumption achieved in 1950 for these products and is nearly equal to meat and eggs and exceeds the entire increase achieved in the two preceding five-year plans for vegetables and fruit. Also, the increase in consumption recorded for milk in the current five-year plan exceeds by more than 21 liters that achieved in the entire 1950-1975 period, while it is just 3 kg less than the increase achieved in the 25 years mentioned for sugar.

The level reached currently in the consumption of the main food products per capita not only assures the calorie content and nutritional factors for feeding the population (daily calorie consumption exceeds 3,000 and from this viewpoint Romania is among the top 10 countries in the world, while protein consumption is nearing 100), but has permitted us to substantially approach and even exceed the consumption achieved in many countries with a level of high economic development. From this viewpoint it is worthwhile to make a comparison with some of the socialist and capitalist countries (see Table 2).

Although Romania's level of economic development, calculated as per capita gross national product, compared with other countries still is lower, the level of per food consumption achieved in our country not only is much higher in proportion to economic development but in some cases is even greater than what was achieved in these countries. Romania surpasses all the countries included in the table in the consumption of milk, eggs and vegetables and actually has reached the world level of saturation for these products, while for meat and fruit we are surpassing some of the economically more developed countries and we are substantially approaching the level of the other countries considered.

Table 2: Level of Consumption of Food Products Per Capita in Romania in 1980 Compared With Other Countries

	Consumption of Food Products Per Capita*					
Country	Meat and meat products	Milk, milk products	Eggs	Vegetables, vegetable products	Fruit, fruit products	Grains in flour equivalent
Romania	62	200	270	160	63	187
Bulgaria	58	147	146	127	82	162
Hungary	68	135	270	85	74	120
GDR	80.7	--	269	84	69	95
USSR	50.8	187	206	85	37	142
Czechoslovakia	81.4	208	249	70	50	108
Italy	66.3	86.	220	153	111	138
Sweden	52.5	--	256	39	81	61
France	95.5	112	252	112	77	74
Austria	80.3	163	--	74	104	84
World saturation level	70-80	200-220	320-360	200 (vegetables and fruit)		60-65

*Consumption for the socialist countries refers to 1976, while for the capitalist countries, it refers to 1973.

We should make a special note in this framework in connection with grain consumption. As we see, Romania substantially surpasses all the countries used in the comparison in average per capita consumption of this product and surpasses the world saturation level by a lot. True, as we also see from the figures in Table 1, after 1965 (more precisely, starting in 1967) a positive trend of reduction of grain consumption also began to be shown in our country, too. However, the reduction by only 22 kg of grain consumption per capita in this period (from 209 kg to 187) under conditions where the average annual consumption of foods which can replace grains rose in the same period by 32 kg of meat, 75 liters of milk, 139 eggs, 72 kg of vegetables, 36 kg of fruit is totally unsatisfactory. As also seen by the figures in Table 2, the ratios of consumption between Romania and the other countries for grains compared with other products is totally unfavorable for our country. The more emphatic reduction of grain consumption per capita in the following period, thus, seems not only fully possible for the reasons mentioned above but also necessary with a view to achieving a standard consumption, calorically balanced from the viewpoint of nutritional principles and of mineral substances in agreement with the requirements for rational nutrition. Also, the more emphatic reduction in grain consumption, through the reserves which would be created for the economy as a whole and their use in feeding animals or for export would have positive effects on the growth of consumption for other categories of food which are richer in main nutrients and, thus, more emphatic rise in the quality of consumption. Along this line we express the opinion that finding the paths, means and taking measures which would stimulate future accentuation of the positive trends in the evolution of food consumption and contribute to limiting or hindering the ones which are not in agreement with the requirements for rational nourishment is becoming more and more a necessity. It is demanded by the consequences which super-nourishment would have on the population's state of health and by the requirement for providing rational nourishment.

We emphasize that shaping food consumption and the population's behavior in this regard is possible at the same time, bearing in mind , on one hand, the fact that in the coming stage food consumption will continue to be in a phase of growth, creating conditions to achieve some structurally qualitative and substantial changes; on the other hand, the area of food consumption is one in which the broadest opportunities exist for substitutions and for complementing between its component elements.

Although food consumption for the most part is an individual , optional act, in the socialist economy, knowing the laws of evolution, it can be directed in such a way as to be achieved in conformity with the requirements for rational nourishment, to avoid possible phases of excessive accumulation in the evolution of consumption, phenomena of super-nourishment as well as incorrect nourishment, which is hard to correct and which has negative consequences for the population's state of health.

Undoubtedly, the important achievements in the evolution of the consumption of the main groups of foods per capita as obtained in our country, the level we currently have reached compared with other, much more economically developed countries as well as the prospects for continued growth in it as planned by the program to raise the standard of living for the 1981-1985 period are the result of the successes obtained by our country's workers in the stormy development of the production forces, the decisive branches of the economy and in the sustained growth in the national wealth as well as the fact that man with his needs are in the center of the concerns of the party and the state. These achievements are in agreement with the possibilities which can be offered by the level of development of the economy and with the possibilities offered by production. Obtaining new achievements in food consumption in the next five-year plan, as forecast, is indissolubly linked with fulfillment of the goals of economic development and rise in efficiency and quality throughout the activity.

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